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CURTAILING THE POWERS OF THE INDIVIDUAL BANKS

ONE of the probable effects of the establishment of the Reserve Association of America, proposed by Mr. ALDRICH, would be a gradual curtailment of the powers of the banks individually.

Undoubtedly, the national banks under this plan will be gradually deprived of their right to issue circulating notes, and ultimately this function will be exercised by the Reserve Association only. As to the propriety of lodging the note-issuing function with a single institution, we shall take the liberty of quoting from the "History, Principles and Practice of Banking," by J. W. GILBART, Vol. II., p. 132. In the year 1841 Mr. GILBART was examined before the Parliament Committee on Banks of Issue. He summarizes his evidence under eight different headings, namely:

(1) If we had only one bank of issue we should have sometimes too much money and sometimes too little for the wants of trade.

(2) One bank of issue would reduce the means of the country bankers to afford assistance to their customers, and hence cause great distress, especially in the agricultural districts.

(3) The bankers would be compelled to increase their charges.

(4) One bank of issue would cause some of the smaller banking establishments to be discontinued.

(5) One bank of issue would lead

to the substitution of bills of exchange or some other form of credit currency.

(6) With one bank of issue the reactions of the foreign exchanges would produce great and universal distress, and yet not accomplish that constant conformity between the London and country circulation which is sought to be attained.

(7) The establishment of one bank of issue would embarrass the fiscal operations of the Government.

(8) The principle of one bank of issue can not be applied to the various currencies of the United Kingdom.

Each of the above statements is supported by arguments which we shall not take the space to quote.

Experience has verified the correctness of some of these objections, but it can hardly be said that all of them appear to have been well founded.

That the concentration of note issues in the hands of a single institution is not now regarded as a wise policy appears from a statement made by Sir R. H. INGLIS PALGRAVE in the June, 1911, number of the London "Bankers' Magazine," p. 840. Writing of the "Progress of Banking in Great Britain and Ireland During 1910," this distinguished authority says:

"The total note circulation of the issuing banks in England and Wales [excluding of course the Bank of England] is now little more than £180,000. We have again to repeat that the re

establishment of a country note issue, well secured and restricted to notes of £5 and £10 each, would be a considerable assistance to banking and to local small businesses in the rural districts of England and Wales."

Here are two of the great British authorities on banking virtually warning us against the adoption of the very policy which the Reserve Association is designed to carry out.

It may be claimed, and not without reason, that the national banks do not possess the note-issuing function in fact; they issue what is really a piece of Government paper rather than a true bank note. To take away this privilege will not deprive the banks of anything of much value to them. But, at least, nominally they now have the right to issue circulating notes. If that function shall be taken away from them, it will be difficult if not impossible ever to restore it.

If the existing national banks, under proper regulations, were given the right to issue their credit notes it would be a highly valuable privilege. Indeed, with this right the banks might get along very well without the Reserve Association. For instead of pledging their commercial paper with the latter for notes, they could, against this paper and their reserves, issue their own credit notes, thus largely saving the expense incident to rediscounting. But, of course, there will be times when a bank may desire to replenish its reserves, and for this purpose the rediscounting facilities of the Reserve Association would be of great utility.

Before consenting to hand over a large portion of their reserves to the new organization and relinquishing their right to issue notes, the existing banks should carefully consider whether the compensating advantages to be derived from the Reserve Association are sufficient to warrant their taking such a course.

CATERING TO THE BANK'S DEPOSITORS

NOT so very long ago, perhaps, many bankers would have scouted the idea that it was necessary to offer any special inducements to secure a particular line of deposits. There was the bank—its capital and officers offering adequate guarantees of strength and capacity of management—take it or leave it alone.

Now such haughty position is taken by the average bank of to-day. To cater to special lines of business has become a common practice, and even openly to ask for business not unknown.

The growth in the number of banks, with a consequent increase of competition, is largely responsible for this changed attitude of the banks of to-day, but it is also due to other causes. Probably the personal element in business, now more evident than ever before, largely accounts for it.

Not only must banks cater to various lines of manufacture and trade, but they find it profitable, especially those located in certain retail districts, to make a special appeal to the women depositors. An interesting example of how this has been successfully done in the case of the Fifth Avenue Bank of New York was published recently in the *MAGAZINE*.

Probably the mistrust of American banks on the part of foreigners that was made the excuse for the Postal Savings Banks might have been replaced by confidence had proper efforts been made by the banks. Who ever takes the trouble to explain to the people what differentiates a real bank from an individual who takes your money and makes away with it?

By letting the public know what a bank is, and what are its advantages, the barriers of distrust will be removed and the deposits and profits of the banks greatly increased.

THE EXPORT OF CAPITAL

RECENTLY at a meeting of the Liberal Colonial Club in London some notable addresses were delivered on the above theme. These addresses, by reason of their quality and the eminence of the several speakers constitute a valuable contribution to current economic discussion. The speakers were: the Prime Minister, the Right Honorable H. H. ASQUITH, K. C., M. P.; Sir EDGAR SPEYER, Bart.; Sir FELIX SCHUSTER, Bart., Governor of the Union of London and Smiths Bank, and Sir EDWARD H. HOLDEN, Bart., Chairman and Managing Director London City and Midland Bank.

Mr. ASQUITH, who presided at the meeting, declared in his opening address that, from his point of view, "It is British capital, the export of which ignorant people deplore, which has developed, and almost exclusively developed, the resources of India, of our dominions and of our colonies."

SIR EDGAR SPEYER'S SPEECH.

Taking the same view, Sir EDGAR SPEYER said:

"It is obvious to all observers, and especially so to those engaged in the work of directing the flow of British capital into those channels of the world where it is needed, that the investment of a portion of Great Britain's annual savings in the Dominions beyond the Seas, in India, and the Crown Colonies and elsewhere, is one of the chief causes of the growing prosperity of the Empire. I will deal with the Imperial aspect a little later on. Let us first examine the problem from the Home Country's point of view.

"The question has often been put to me—'What good do these foreign investments do? How can the placing overseas of British capital make for the prosperity of Great Britain? Would it not be better and more patri-

otic for British citizens to invest all their savings in their own country and build up her industries?'

"To answer this question satisfactorily we must go back to first principles. It is an error to assume that the British people have no concern with the production of the vast quantity of things they are under the necessity of importing from abroad, and that they need only to build up their own industries in order to grow more rapidly in wealth and material comfort. A moment's reflection will make it clear that the industries of this country could not expand if the people's supplies of food and raw materials did not grow with the increasing requirements. They are interdependent.

"Let us consider the conditions under which the people of these islands have to make their income. Here is a population of 45,000,000 souls confined within the narrow cliffs of these small islands. You know the well-worn story of the American who, coming from his vast continent, was afraid to leave his hotel for fear of stepping off the island! We can hardly blame him if we remember that its total area is less than one-half, say, of the single State of Texas, and less than one-fourth that of several provinces of the Dominion of Canada. The British Islands produce a supply of food only sufficient for a small fraction of their great population. How is it possible under these circumstances to maintain all these people in increasing comfort, and supply the world in general and the rest of the Empire in particular with the unprecedented amounts of capital Great Britain is supplying to them at the present time?

"The British people have realized that their existence depends on supplementing the small quantity of wheat which can be advantageously grown in these islands from the wheat lands which extend round the world, and

which can furnish them with bread for their sustenance; they realize that the animal food they require can be obtained from the limitless plains of the American and Australasian continents; that the wool they need for clothing can be grown in Australasia, South Africa, Argentina, but not on their Lilliputian downs; that the cotton which they need for the manufacture of their world-famous cotton cloth must be obtained from countries practically immune from frost and drought in the period of growth; that gold, silver, copper, tin and other minerals needed by their industries must be obtained from countries where nature has deposited them; and that the tea and coffee they drink, the tobacco they smoke, cannot be produced in their own country. In brief, an instinct of self-preservation told them that they must have these and many other things from the lands which could furnish them.

"The British people then have not only to stimulate their own productions, but have of necessity to encourage other nations to produce those things they are naturally capable of producing in quantities sufficient not only for their own requirements, but for those of Great Britain as well. These were the motives which prompted her to be ceaseless in her efforts to assist other countries to increase their production of food and raw materials. They practised what Bismarck would have called commercial 'realpolitik,' a policy which had the additional virtue of benefiting the world in general.

"It is in that way and by opening wide her doors to the produce of the world, in order that her people might supply their needs from whatever quarter of the globe they could be supplied, that Great Britain has overcome those formidable difficulties. If, as Schopenhauer says, 'to overcome difficulties is to experience the full delight of existence,' then indeed Great Britain must have

enjoyed herself in the past! In a little over sixty years she has increased her population by nearly sixty per cent., she has doubled her consuming power per head, and has quadrupled her wealth. These results have been obtained by bringing to life the dormant riches of the world. The British people practised what Burke had preached that 'it is the interest of the commercial world that wealth should be found everywhere.' The factors which these undeveloped countries lacked to enable them to produce wealth in such abundance that the prosperity of the whole world would be enhanced, were labor and capital.

"Great Britain has provided the shipping by means of which the new countries could be reached; she has built the railways by means of which labor could be brought to undeveloped lands, mineral deposits, forests and place these immense reservoirs of wealth at the service of mankind. The amount of capital supplied by Great Britain almost staggers imagination. In a paper read before the Royal Statistical Society, my friend Mr. GEORGE PAISH, to whom I am indebted—not for the first time—for many of the data quoted, has shown that Great Britain has supplied £3,500,000,000 capital to the rest of the world.

"Think of it and ponder over this stupendous achievement, £3,500,000,000 of capital to develop the good things which Nature has stored up for the use and benefit of mankind! In the year 1911 Great Britain will receive about £180,000,000 for interest upon the great capital she has placed in other lands in past years. This income will come to her almost entirely in foodstuffs and raw materials, for it comes mainly from the agricultural and mineral countries of the world.

"How then, we may well wonder, was it possible for a small country like Great Britain to provide all this cap-

ital for the development of the natural wealth of the world?

"The explanation is this. The more capital we invest abroad in this way the more capital there is available for investment in our own productive industries. If we send capital to another country the purchasing power of that country is correspondingly increased. This purchasing power thereby given to the borrowing country is exercised by it in buying goods from the lands which can supply its needs. The greater demand for goods resulting from this enhanced purchasing power of the new country increases the demand for goods of all kinds, and either directly or indirectly brings about an increased demand for British goods. The greatest demand for, and sale of, goods increases the income of our wage-earners and the profits of our traders, and the latter thus have the means of extending their work and plant. A great and continuous exchange is taking place, a constant play of cause and effect; such is the nature of trade, 'which, like the blood, should circularly flow.' By lending capital to other lands Great Britain manufactures the additional goods needed, both to pay for the securities for which our investors subscribe and to extend our own works and plant. In fact, our loans of capital to other lands cause the British people to increase their production of manufactured goods and to extend their industries in order to produce the wealth needed to make the loans. Thus the export of British capital develops the natural wealth of the world and especially that of the Daughter States of the Empire, and is the direct cause of the great expansion in the productive industries of Great Britain.

"Of the £3,500,000,000 about half has gone to the British Dominions across the seas, and half to foreign countries. Some people may wonder why the investment of British capital

is not confined entirely to the Empire in order to cause the industries of the Empire to progress even faster than they now do. Everyone who has had anything to do with the investment of British capital in the Colonies knows that the Mother Country has always been willing and prepared in times of peace to supply all the capital that has been needed and could be profitably employed by the Colonies and by India."

After citing specifically what Great Britain had done in supplying capital to the various dominions and colonies, Sir EDGAR SPEYER concluded:

"We find then that the investment of British capital wherever it is needed brings advantage to everyone, to the British people, to the Daughter States and Dependencies of the Empire, and to the whole of mankind, who are thus assisted in obtaining the good things that nature has placed within their reach.

"I think I have shown what capital has done for this country by developing the resources of the world. But it does more. It can and does help to promote peace, actively and effectively.

"Great Britain, by her pluck and enterprise all over the world, and by what amounts to almost an unfailing instinct, has placed her money where it has done most good. She has never placed it where it might have hurt her country's interests. In fact, trade generally precedes, and in a large measure directs, the world's policy to-day. Modern diplomacy takes its inspiration from trade and executes the economic will. That is, I venture to think, one of the characteristic features of our time.

"As a rule, we are free here to conduct our business without Government interference, such as the Government of France and Germany see fit to exercise. The civilizing influences, direct and indirect, of this process of foreign invest-

ment (as has been pointed out in a thoughtful article in "The Nation") are obvious and of the first importance. On the part of young or backward countries requiring the aid of foreign capital, it has tended, more than any other cause, to promote internal security and good government, for high rates of interest, or, worse still, the refusal of capital, is a crushing penalty to pay for disorder and dishonesty. This growing ownership of property by the citizens of one nation in the country of another is the most substantial contribution not only to the peace, but to the active good-will of nations. How shallow is the notion that the cause of protection and national isolation represents the dominant tendency in history to-day! If there were no other direct trading interests promoting the international exchange, this demand of the young and growing countries for capital would force trade across the barriers set up by short-sighted politicians or interested traders. I attribute Great Britain's commanding position mainly, if not entirely, to her broad and open-minded policy.

"Though England has been more adventurous than any people, every other industrial nation is following in her wake. Competition is keen and is growing. Germany and the United States—to mention only two nations—are well equipped and daring. Great Britain must look to her oars to keep in the race!

"This country has been prosperous so long and has gained such an immense lead and advantage over all other nations, that she is apt to look back on past achievements unmindful of the future. 'Prosperity destroys fools and endangers the wise.'

"That is a danger, and a warning note is necessary after this tale of unexampled progress and prosperity which I have unfolded to you.

"The business men and traders of to-

day have to be more fully equipped in every respect than their predecessors. New conditions require new methods, and it is so much easier to do what one has done before than to do a new thing! The commerce of to-day demands a most highly trained army of workers. The real wealth of a country is the qualities and faculties of its people. National wealth is only the product of labor and skill.

"What is wanted is fitness and the bringing up of a generation not only with sound bodies and good muscles, but also with alert minds and adroit hands. But, as I have said at the beginning of this address, there are welcome signs that these defects are going to be dealt with, and we know the present Government is fully alive to them.

"Let me say in conclusion that the facts I have ventured to put before you seem to me to warrant our looking to the future with confidence and cheerfulness. The awakening of Great Britain and the progress of the Empire in the last half-dozen years fill one with hope for the years to come. There has been a veritable industrial revolution in this country, and the spirit of enterprise with which the British people are now filled, assisted by the great schemes of social reform planned by the Government, cannot fail to bring them an increasing measure of prosperity as the years pass.

"What applies to Great Britain applies in even greater measure to the Empire. There have been times when a certain element of faintheartedness and doubt as to the future has manifested itself, and when certain people, mistaking a temporary setback for an alarming symptom of some permanent defect in the economic machinery of the British Empire, have imagined that a change in the fiscal policy of the mother country was imperative.

"I cannot help thinking that the developments of the last few years and

the experience and evolution of the last half century, are a triumphant and convincing vindication of the broad and open-minded policy of absolute freedom pursued by the old country.

"It is in the nature of things that especially young countries will have their ups and downs from time to time, but for all that no one can doubt that the influx of capital and of population they are now experiencing, coupled with the world's expanding demand for food and raw materials for their constantly increasing people, will mean rapid and increasing progress in the coming years, and we may claim without exaggeration that the British Empire has never been as wealthy and progressive as it is to-day, and the signs are auspicious that the present cycle of prosperity has not spent itself yet."

SIR EDWARD HOLDEN'S SPEECH.

As Managing Director of the London City and Midland Bank, Sir EDWARD HOLDEN occupies a high place in the financial world.

"I think it is pretty well conceded," he said, "that some countries of the world at the present time have their minds concentrated on the undeveloped areas of other countries. Why is this? It is in consequence of the increasing population of the world. We want, as has been said tonight, more food; we want more raw materials, and we want a greater number of customers abroad. Now, we must not lose sight of the fact that capital alone will not do what is wanted. In addition to capital, we want labor sent abroad. You see how Italy is pouring her thousands of people into South America, and we are told by the Canadian authorities that the population of Canada this year will be increased by no less a number than 400,000 people. We have had demands upon us for capital from the colonies and from other countries: £1,800,000,-

000 from the colonies; £1,800,000,000 from other countries; and our investors are getting in return no less a sum yearly than £150,000,000 to £180,000,000. I think we are all agreed that we in this country occupy an exceptional position. We are not large producers of food; we are not large producers of raw material; and yet we have to live. What is it we live upon? It is on our exports. Increase the cost of those exports and you injure the premier position of our country. Who are they that send all this capital abroad? Our investors. Are our investors satisfied with the bargain which they have made? I believe they are satisfied that the resources thus placed in the hands of the borrowers have been fairly invested, that their principal is safe, and that their income will be regularly paid. They do not even make a stipulation that a portion of their capital should be taken in commodities, because they believe it is best that those countries to which they entrust it should be able to buy in the cheapest market, and they have no misgivings, assuming our country is fairly dealt with, that the exportation of their capital will not benefit our industries at home.

"Now, let us look at the other side of the question, and inquire if our borrowers are satisfied—that is, the people who take our capital? You have been told that our colonies borrow money here at a cheaper rate than other countries borrow it; that is quite right, and with this advantage I should consider that our colonies are extremely well pleased. They not only get that advantage, as you have heard again tonight, but they get the advantage of having their securities listed as Trustee Securities. Now this capital which goes to our colonies will not benefit them very much, unless they have, in consequence, an increase in their trade. What has taken place in Canada? You have heard

from Sir EDGAR SPEYER that the year 1904 was the year when our people ceased to spend their savings at home, and began to send them abroad again. Let us compare the trade of Canada in 1904 with their trade in 1910. In 1904 their trade—that is to say, their imports and their exports, amounted to ninety-four and one-half millions sterling. What did they amount to in 1910? They amounted to 138½ millions, an increase of forty-four millions. I think we are quite right in assuming that Canada is perfectly satisfied with the assistance we have given her in lending her the large sums we have sent her. Sir WILFRED LAURIER said to us only yesterday, 'We are quite satisfied with our lot; we are happy and prosperous.'

"Now, turning to another of our colonies, the Commonwealth of Australia, what have they done with the capital which we have sent to them? In the year 1904, the year to which I have already referred, they commenced with a trade the same as Canada—ninety-four and one-half millions. What have they done in the year 1910? They have increased that trade to 134 millions. The Commonwealth of Australia has increased her trade nearly forty millions as between the years 1904 and 1910. Therefore, I think our investors are satisfied—they are good judges—and I think the people to whom we have lent the money—our borrowers—are satisfied. Are we satisfied in this country? Many of us are, but some are not. Are those who are not satisfied justified in their dissatisfaction? Let us see what has taken place in our own trade. Beginning with the year 1904 and comparing it with 1910, 1909 and 1908, what do we find? We find that the total exports of our country during those three years show a total increase of nearly 282 millions.

"Now look on the other side of the balance sheet. Take the imports and make the same comparison. What do

we find? We find the increase to be 242 millions. Put these two totals together and what is the result? The result shows an increase in the trade in this country of no less a sum than 524 millions.

"Sir EDGAR SPEYER has told us that during that period we have exported capital to the amount of 517 millions. Thus we have an export of capital of 517 millions, and the result of this exportation of capital is shown in an increase of 524 millions in our trade. Therefore, I say there really is no justification for the dissatisfaction expressed by some of our friends. Now, suppose this capital had been invested in our home industries? What more could they have done with it? It has been by the means of that capital that raw materials have been provided and brought home to keep our industries going.

"Ladies and gentlemen, I will not keep you any longer, but I think these figures corroborate in their entirety the statement made by Sir EDGAR SPEYER, to the effect that the export of British capital is one of the chief causes of the Empire's prosperity."

SPEECH OF SIR FELIX SCHUSTER, GOVERNOR OF THE UNION OF LONDON AND SMITHS BANK.

After expressing agreement with the main argument of Sir EDGAR SPEYER, and pointing out the operations of lending to different countries, Sir FELIX SCHUSTER said:

"In regard to the figures quoted this evening, I think that a certain amount of caution in accepting them is necessary. I know the admirable work that Mr. GEORGE PAISH has done in this direction—(Hear, hear)—but I think that Mr. PAISH himself would admit that the data for arriving at an absolutely accurate conclusion as to the figures of our annual income from foreign invest-

ments are not available, and that we have more or less to rely on estimates, indeed almost on guess-work. Personally, I do not think the amount of our income from foreign investments is so large as that named, £180,000,000 per annum. But on that matter a difference of opinion is perhaps not very material, because in any case the amount must be very large indeed.

"But one point has been omitted. So far no one has alluded to the fact that not only are we supreme in our shipping and in regard to our export trade, but that we are also supreme in our position as the International Bankers of the world, and that we owe this position entirely to our trade, and that the maintenance of that position is due in a great measure to the immense amounts of foreign investments which we hold. In times of monetary pressure, in times of difficulty, which are bound to arise in the history of any nation doing a large trade, all that we need to do is to hold our hands for a while in investing our money abroad. Through the operation on our Foreign Exchanges an inflow of gold will at once enable us to rectify the position. This is what has been called the tribute—I cannot say that I assent to the word 'tribute'—the borrowers pay us. The interest which we derive from foreign investments is so large that directly we cease investing for a few months the remittance of the sums due to us will bring us gold from all quarters of the world, and this is one of the reasons why, in spite of the comparatively low reserves of gold with which our banking system is worked in this country, we have been able even through times of difficulty to replenish the stocks of gold when there are any signs of danger. All this is due to the amount of our foreign investments, and there can

be no doubt whatever that they are of immense advantage not only to us as bankers, but especially of the greatest advantage to our working classes, for, as has been well pointed out, our food supplies are through their operation received in greater abundance and at lower prices than any other European nation is able to obtain them. Commerce, after all, is only a means to an end—the happiness of the people—and I think we may well be proud of our position of the greatest commercial nation of the world, and of the policy we have pursued, which not only makes our people happier, more contented, and better able to bear the burdens of life, but must also essentially contribute to amity between all nations."

The policy of Great Britain toward foreign investments cannot fail to be of vast interest here, for this country continues to be one of the very largest borrowers of British funds. It is important to know that the eminent authorities we have quoted are so strongly in favor of a liberal course in regard to the exportation of capital.

CONCENTRATION OF RESERVES

WHILE proposals are being discussed in this country for concentrating the banking reserves in a single institution, a somewhat contrary tendency may be observed in current discussion of banking problems in Great Britain. Lately the English financial journals have been insisting that the joint-stock banks should report separately the amounts of cash actually on hand and held at the Bank of England, and also that these banks should keep a larger proportion of cash in their own vaults. Apparently,

while decentralization of banking reserves has been carried too far in this country, the contrary policy of centralizing reserves has been too largely practiced in Great Britain. With the comparatively small number of banks in that country, however, the scattering of reserves can never take place to anything like the same extent as has occurred in the United States. Nor can it be supposed, even if the Reserve Association should be formed, that there will be a concentration of banking reserves here to anything like the same extent as has taken place in England.

THE NEW PANAMA BONDS

GREAT success has attended the new issue of \$50,000,000 three per cent. United States bonds, proceeds of which will be used in paying for construction work on the Panama Canal.

The new bonds will not be available as a basis for the circulating notes of national banks. They are unique in this respect, all bonds of the United States issued since the establishment of the national banking system in 1863 having had the circulation privilege attaching to them. While during the Civil War and for some years thereafter this privilege was necessary, or at least desirable, to sustain the price of the bonds, the credit of the United States has long been such as to need no artificial stimulus.

This MAGAZINE has long urged that future bond issues of the Government should be deprived of the circulation privilege. A recommendation to this effect was also made by the Currency Commission appointed by the Chamber of Commerce of the State of New

York, this part of the commission's report having been prepared, we believe, by Mr. CHARLES A. CONANT, the well-known financial authority.

By taking away the circulation feature from future bond issues the further inflation of the paper currency by the issue of national bank notes based on the Government debt will be stopped and the way paved for a scientific bank-note currency based on gold and commercial paper.

We should like to believe that the action of the Government in this matter has been due to an enlightened policy with regard to the currency, and the recommendations of Secretary MACVEAGH certainly warrant that belief. But perhaps necessity was really the impelling force. The national banks have not only become loaded up with two per cent. bonds, but the channels of circulation have become filled with the bond-secured notes. Had the new three per cents been endowed with the circulation privilege, the two per cents might have fallen below par, and it is doubtful if a larger volume of bank notes could be kept out under present conditions.

The success of the new issue illustrates afresh the great ability of the United States to borrow when its securities are put out on an attractive investment basis. It is no longer necessary that the bonds should be available for securing bank circulation. Their own soundness as investments and a reasonable interest return are sufficiently attractive to investors.

By depriving future bond issues of the circulation privilege, and by gradually replacing the present outstanding bonds with others that do not have this privilege, we shall in time be in a position to adopt reforms in the bank-note currency already too long delayed.

AUSTRALIA'S GREATEST INDUSTRY

THE SHEEP IN THE COMMONWEALTH

By C. H. Chomley

IN an account of Australian production, pride of place must be given to the pastoral industry and the sheep be placed at the head of the procession in the pageant of progress. In the beginning it was the sheep that enabled the early settlers to spread out from the coast to the conquest of the inland wilderness, and to-day the sheep-owner is still the pioneer as he drives his flocks further and further back to

ment at the Cape of Good Hope, in charge of a Colonel Gordon. In 1797 two ships were sent from Port Jackson (N. S. W.), then a convict settlement, to the Cape for supplies. Colonel Gordon had died and his widow had come by some means into possession of the flock, and sold the sheep to the captains of the two British ships, who sold some of them to Captain Macarthur. So from Royal studs originated the



SHEEP STATION, WIMMERA DISTRICT, VICTORIA

make way for the farmer who claims the more accessible areas.

The suitability of the soil and climate for the production of the highest class wool was the main factor in the establishment of the pastoral industry, but the marvellous progress that has been made is largely due to the fact that the first sheep introduced into Australia for breeding purposes were of unrivalled excellence.

Captain John Macarthur, who obtained a grant of land in New South Wales in 1793, may be said to have been the founder of the fine wool industry of Australia. King George III had obtained from the King of Spain merino sheep for his stud farm, and Macarthur secured at a Royal sale some of these. The King of Spain had also presented some pure merino sheep from the Escorial flock to the Dutch Government, which were sent on to the settle-

flocks of Australia, which now total in round figures 100,000,000 sheep. That the purity of strain has never been lost is evidenced by the fact that the fine wools of Australia are competed for by the buyers of every nation who require the highest grade product for their factories.

This magnificent achievement consummated within a century naturally suggests that in the conduct of the industry nothing has been left to chance and that those in charge of it know, and attend to, their business, and that this is so anyone will admit who has first hand knowledge of the subject. The sheepowner in Australia, if his sheep number tens of thousands, is known as a "squatter," and his holding is a sheep "run" or "station." The land is largely held in leasehold from the Government, but in the more closely settled districts the "runs" have been

turned into freehold. Some of these properties are of vast area; Sir Samuel McCaughey, the "Australian Wool King," controls on the Darling River a territory of 3,250,000 acres and shears over 1,000,000 sheep.

It is related that some years ago, when a commission from Victoria visited California, the members were banquetted by the citizens of one of

than 40,000 sheep is considered of no account, men with over 100,000 are numerous, those with over 200,000 are of course less numerous, but still there are many of them, and so it goes on till we reach the man who shears over a million." There was silence for a moment, and then one of the guests turned to the Californian. "Well! what have you to say, Mr. ——" "Just nothing,"



A FLOCK OF SHEEP AT WALLA WALLA STATION, N. S. W.

the towns. It had been specially arranged that a local sheepowner should be present to impress the visitors from Australia. The Commissioners had found during their travels that their American friends liked something to "figure on," and the provision of statistics was put in the hands of Mr. Alfred Deakin, since Prime Minister of the Commonwealth. The after dinner conversation having been brought round to the subject to give the Californian his chance, in reply to an inquiry as to the size of Australian flocks, Mr. Deakin started quite casually somewhat as follows: "In Australia, a man with less

was the loconic reply. Next day the commissioners were seen off by train, and arriving at their next destination were met by the local people. They were shown the telegram that had been sent to announce their time of arrival. It ran: "Look out for the champion liars of the Southern hemisphere."

But the tendency now-a-days is towards subdivision, government purchases for closer settlement purposes, and high prices ruling for land suitable for mixed farming have led to the dispersal of many famous flocks. Victoria, the most closely settled State, has 13,000,000 sheep in 24,240 flocks.

Where, however, markets are not easily accessible, the squatter will continue to hold sway, and vast areas that until lately were considered of little account, as in the northwestern district of West Australia, and more particularly in the northern territory, are coming to be regarded as providing immense possibilities for grazing purposes and will provide new domains for the squatters and their flocks.

Life on an Australian station has many interests and attractions. The homestead on a good property is generally a well appointed residence, and adequate provision is made for the amenities. The owner, or "the Boss," as he is universally termed, takes an active share in the day's work and brings expert knowledge to bear as against the testing time, when his "clip" for the year will come under the inspection of the buyers of the world.

Taking the year through, the first critical period is in the close of the Autumn, which is the combing season. If rain falls then, feed is assured for the winter, which is without rigor. In the past, great losses have been sustained through the sheepowners making no provision against periods of drought, but these haphazard methods are being abandoned.

The first month of Spring, which brings the shearing season, is one of strenuous activity. It is the aim of every pastoralist to get his sheep shorn as expeditiously as possible, and generalship is required to assure that no hitch occurs. The shearers arrive by horse or bicycle and go into the quarters provided for them near the shearing shed; then they appoint their own cooks and proceed to set up a miniature republic.

On large stations the shearing is usually done with power driven machines in place of the old hand shears. Probably no men work harder on the face of the earth than do Australian shearers. Last season seven machine shearers at the Gulpha Creeks station, New South Wales, made a remarkable record, shearing 1,424 crossbred ewes and lambs in eight hours.

Once the shearing has started on a big station, every one works at high pressure. The musterers bring thousands of sheep each day in regular procession to the shed, draft them into the catching pens alongside the shearing board, on which the shearers stand. The shearer catches a sheep; soon the fleece lies on the floor in one piece, and the shorn sheep is thrust through an opening into a pen outside. Another man picks up the fleece and with a deft movement flings it out intact on the sorting table. Here the skirting, the outside dirty inferior fringe is torn off and the fleece rolled up and hurried off to the classer, who rapidly decides on which one of, say, five grades it belongs to and throws it into the right bin. From the bins the wool press is being supplied and the bales are pressed and branded, ready to be carted or sent by river to the nearest railway station for the wool stores at the port of shipment.

On a well managed station the sheep are of absolute uniformity, and the greatest care is exercised in keeping up the standard of the stud flock for the provision of rams. At the great annual sales of stud sheep, held at Sydney, rams are sold for hundreds of pounds and even thousands of pounds apiece. Last year a ram was sold for 1,000 guineas, to go to the Transvaal. The station ewes also pass each year under the eyes of an expert, the inferior being "culled" out and sold.

The wool season for 1910 was one of the best on record, and prices were at a highly remunerative level. The American demand for the finest wool was exceedingly active. The American market is a factor of growing importance to the wool growers of Australia, and the statistical position as regards local production and consumption encourages the view that American manufacturers will be compelled to come more and more to Australia for supplies, despite their tariff.

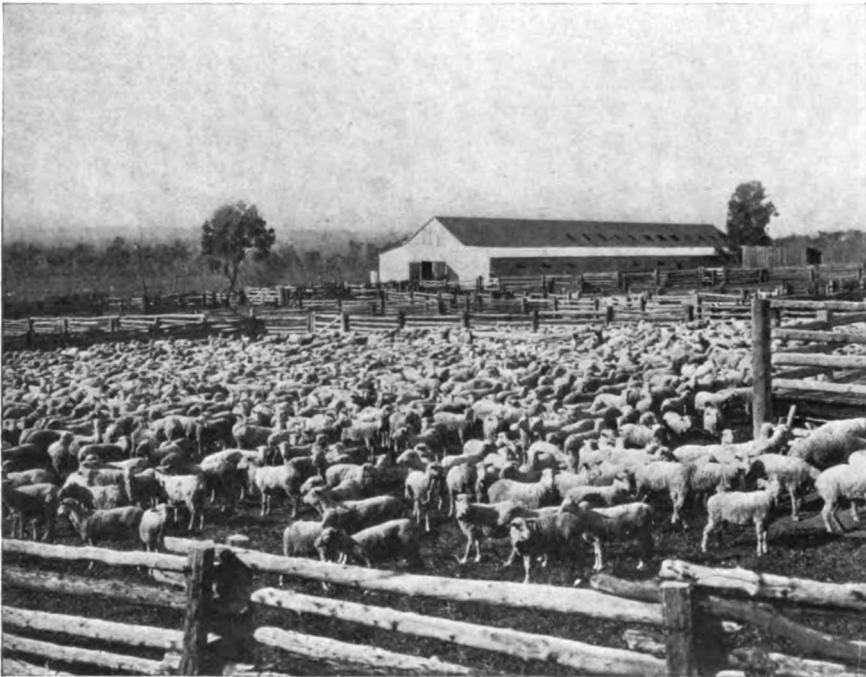
Dalgety's Wool Review for 1910 gives the following table of comparison between the United States wool produc-

Year.	United States Wool Clip.	Increase per cent.	United States Population.	Increase per cent.
1894	335,200,000	..	67,600,000	..
1909	328,110,749	1	87,200,000	29

tion and population increase since 1894.

Statistics compiled by the National Association of Wool Manufacturers of the United States show that wool was

maintain the fabric of Australasian development is shown from the fact that for the year 1909-10 the exports of wool totalled 816,361,665 pounds, valued at £33,128,496; £680,416 worth



SHORN SHEEP AT GOOMBARGOONA STATION, N. S. W.

imported into Boston, New York and Philadelphia, representing 95.5 of the total wool imports, to the amount of 253,587,920 pounds in 1909. Of this total importation, 79,420,778 pounds came direct from Australasia. From the United Kingdom, 31,125,711 pounds were imported, and as much of this is of Australasian origin, Australasia not only supplies a greater quantity than any other country, but also a considerable share of the whole. France and Germany are, however, still better customers.

The magnitude of the wool industry and the extent to which it helps to

was retained for local use. The increase for the year was 60,271,502 pounds, of a money value of £7,177,584.

The export from Australia alone was 632,645,841 pounds. The relative importance of the wool export is revealed when it is noted that of Australia's total export trade for 1909 of £111,001,681, wool accounted for £25,483,110.

This tremendous output is all the more remarkable in view of the fact that it is double that recorded for 1903-4, when Australia was suffering from the dire effects of a series of un-

precedented droughts. The recuperative capacity of the country and the resourcefulness and energy of the pastoralists is evidenced by the fact that whereas in 1902 the sheep depastured in Australia totalled 53,668,347, in 1910 the total reached was, in round figures, 100,000,000. As regards prices Australian wool leads the world, and commenting on 1909 prices, Dalgety's Wool Review says:

"In the Australian market many Victorian clips sold to over nineteen pence per pound for greasy merino fleece, and two reached twenty-one pence, and lambs to twenty-three and one-half

Not only is the number of sheep in Australasia increasing, but also owing to scientific breeding and increased care the amount of wool carried by each sheep. The average weight of wool produced per sheep in 1909-10 was seven pounds four ounces, comparable with six pounds nine ounces in 1907-8. The average monetary return per head of sheep and lambs in the former year was five shillings and ten pence. In considering the average weight of wool produced per sheep it has to be remembered seventy-four per cent. of the production is the valuable merino wool and only twenty-six per cent. crossbred,



WOOL TEAMS ON THE ROAD, NEW SOUTH WALES

pence; crossbred eighteen and one-quarter and Lincoln twelve and one-quarter. New South Wales greasy merino made to eighteen pence and crossbred to eighteen and one-quarter. Queensland greasy merino sold to seventeen and one-half pence, Tasmanian greasy merino fleece to eighteen and one-quarter." This standard authority on the wool trade predicts the maintenance of high prices for many reasons, amongst which stands out the salient fact that there are "over 40,000,000 fewer sheep in the world to-day than there were fifteen years ago, and over 90,000,000 more people using wool." Whilst the number of sheep in other wool producing countries is stationary or decreasing, large increase is to be noted in Australia, which seems destined to supply to a greater and greater extent the growing demand of the world.

that is to say, wool produced from a cross between a longwool sheep and the merino. The crossbred has come into existence for meat producing purposes.

This brings us to another great branch of the pastoral industry—the production of mutton and lamb and beef for export purposes, a branch rapidly developed since the introduction of the freezing process. The export of frozen mutton and lamb from Australia in 1908 was of the value of £1,219,107 and of beef £451,503. This trade is capable of enormous development, and Australia is undoubtedly destined to supply in the future to an ever increasing extent the meat requirements of the old world. In the almost unoccupied Northern Territory there are vast areas of splendid cattle country. The annual export of horses

from Australia is of the average value of about £240,000. So all along the line in the pastoral industry we find progress, and never in the history of Australia has such prosperity prevailed as at the present time. That prosperity is coming to be shared by an ever increasing number of the people, for by process of legislative activity the vast aggregations of land are being broken up and smaller men are getting greater opportunities. The "squatter" with a

territory is giving way to the men who combine sheep farming with wheat growing. The pioneers have done their work and have laid well and truly the foundations of the pastoral industry, and the great achievements of the past are likely to be eclipsed in the near future as the land of the continent is unlocked to meet the ever growing demand of those who wish to share in a pursuit which offers many attractions and a high measure of profit.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

MORTGAGE LOANS AND REALTY VALUES

By W. H. Kniffin, Jr.

A MORTGAGE has been termed "a conditional deed," and to "mortgage" real property is to "grant or make over" the same as security for the performance of some condition, usually the payment of money, with the stipulation that the conveyance is to become void upon the performance of the condition. In law, a mortgage is an estate in land created by conveyance coupled with a condition in the mortgage by the performance of which the principal deed is rendered void and the estate therein granted is defeated; or, in other words, a lien upon land or other property as security for the performance of some obligation, to become void on such performance.

It is upon such pledge of security that the greater part of the funds of savings banks is loaned, especially in the case of mutual savings banks. The laws of all States permit such loans, and even encourage them; for while they are a slow asset, they are at the same time, if made with care and conservatism, of the highest order of excellence. According to the last report of the Comptroller of the Currency, the mortgage loans of the mutual savings banks of this country amounted to

\$1,526,977,451. In the State of New York alone such loans aggregated over \$805,000,000 on January 1, 1910, while in Massachusetts the total amounts to \$370,251,000.

REALTY VALUES THE BASIS OF MORTGAGE LOANS.

In order to make a mortgage loan with safety and conservatism, the only requirements are that the property shall be conservatively valued and the property watched; for having determined its value, the quality of the loan quickly manifests itself. But this is saying a great deal in a few words. What is the property *worth*? And to determine this is to be a good real estate man, and good real estate men are made and not born. There are so many elements to consider in properly valuing real estate that it soon becomes a complex subject and worthy of life study. The idea that anyone who fails in other callings can take up this field and make a success is untrue; for while it is admitted that a great many men have acted as if this were true, they have found to their sorrow that real estate demands as keen a mind as any other

profession, and like all other professions, has something to teach even the oldest.


In small places where the economic conditions are not subject to sudden changes, and where property values are relatively stable, it is not a difficult matter to determine the value of realty. In such places sales are infrequent; neighborhoods do not change their character suddenly; transportation facilities are not in a state of constant development, and none of the conditions that surround property in large cities are present to influence values. In valuing farm property it becomes a matter of soil, crops, buildings, location, nearness to markets, etc. But even here, outside influences are at work to enhance or diminish the value of the property, and farm values are a study in themselves. The coming of a railroad or other large industry will increase values; the closing of a large industry will depress them. Even so small a matter as the advent of a five and ten cent store has been known to change the shopping center of a town of 25,000 inhabitants. In such places it is not difficult to watch the realty market and guide one's self accordingly; but in large cities like New York, realty investments become a fine science, and must be viewed as such.

THE APPRAISER.

One of the fundamental principles of the savings bank is that it shall be a neighborhood affair; that is, each bank shall have its field to cultivate, and it is not only supposed to cultivate the field thoroughly in the way of reaching out for deposits, but at the same time it is supposed to favor local people in the matter of mortgage loans. To this end the trustees are presumed to know values in their neighborhood, and in making loans the bank often falls back upon this knowledge; but in large cities, savings banks lose their neighborly aspect and cover such a wide field that

to keep track of values merely by casual observation is impossible. It therefore becomes necessary to employ a man who is a real estate expert, and many banks have such an officer, either an official of the bank or one employed as occasion arises, whose business it is to value property. The law in a great many States requires that mortgage loans shall only be made after the premises have been examined by a committee of trustees, usually three, upon whose valuation and report the loan is

Form 6



Notice to Examine Property

Buffalo, N. Y. July 1 1911

To Mr. Justice

DEAR Sir:

Application has been made to the Bank by T. B. Brown

for a loan of \$ 5000 at 5 % upon property at 327 18th Street.

Description of lot 24x100 East side of South Street, 75 feet from South Street.

Buildings Brick

Owner's Valuation—Land, \$ 4000 Buildings, \$ 6000

Appraiser's Valuation—Land, \$ 3600 Buildings, \$ 5400

Assessment, \$ 600 Rental, \$ 500

Please report by handing or mailing the annexed slip to the Secretary, not later than July 15 1911

Respectfully,
T. B. Brown Appraiser

Mortgage No. 892

AMERICAN SAVINGS BANK OF BUFFALO

Buffalo, N. Y. July 10 1911

I have examined the property No. 327 18th Street mentioned in the application of T. B. Brown for a loan of \$ 5000 and report that in my judgment the property is worth as follows: Land, \$ 3600, buildings \$ 5400

Total, \$ 9600

* I am willing to join with the other members of the Loan Committee in recommending a loan of \$ 5000 at 5 %.

Respectfully,
T. B. Justice Chairman

* If unwilling to recommend a loan, please so advise the Secretary, and if willing to recommend loan, please so advise the Secretary.

NOTICE TO FINANCE COMMITTEE TO EXAMINE PROPERTY—AMERICAN SAVINGS BANK, BUFFALO, N. Y.

made. But in cases where an appraiser is employed, the committee accept his valuation and act accordingly. And when loans aggregating millions are made upon the judgment of one man, his importance at once becomes manifest. This man must not only know how to value property, but must keep track in a scientific way of the changes in ownership, prices paid, leases, rent-

als, sales in the neighborhood, assessed valuation, etc.

REAL ESTATE HAS NO "MARKET."

Strictly speaking, there is no "market" for real estate, in the sense in which the term market is used in connection with stocks and bonds; for only in very large cities is it possible to sell a property quickly. Each property stands by itself as a unit; while the bond or stock is one of series of like issues and the value of one affects the value of others, and it is readily to be seen that except in rows of "flats" or two-family houses, no two are alike, and even these are generally altered for the sake of pleasing the varied tastes of prospective buyers. Therefore the value of real estate must rest upon two factors: opinion and capitalized rentals. The term opinion includes the judgment of the appraiser as to its condition, desirability, adaptability, cost to reproduce, possibilities of increase or decrease in value, etc. The term capitalized rent means what the property will show *as an investment*. Some men are of opinion that the latter should govern to a large extent, while others hold that rental income is but an *indicator* of value and not a sure guide.

In order to express an opinion as to the value of property, the appraiser must have accurate knowledge of past sales, rental values in the neighborhood, cost of construction, etc. Frequently the consideration is nominal, for obvious reasons, and the appraiser must fall back upon other resources than public records for his basis of value. There are many properties in New York where the land value is greater than the value of the building with the land as it stands—meaning to say, the value of the building has passed into the land and it will become profitable to tear down the building in order to have the plot vacant again for building purposes. The modern and well-preserved twelve-story building at Nassau and Wall Streets, New York, was recently torn down to make way for one twice as high and twice as

costly. Knowledge of the conditions which bring such changes about is essential in passing upon the value of property subject to such influences.

SALES.

The value of anything which can be reproduced indefinitely can never long exceed the cost of reproduction. The value of land, however, is a monopoly or scarcity value; it depends upon the supply and demand; the supply cannot be increased and the demand is a changing factor.

In considering the value of a manufactured article, we know for a certainty that it can be reproduced at *some* price, except in the case of old paintings and antiques, which, of course, are limited in their supply; but in valuing land one is confined to an inquiry as to what other people *think* it is worth and what they are willing to pay for it. Each particular sale is merely an evidence of what the buyer *thinks* the land is worth. He may have some good reason for paying a particular price, and this, of course, must be known in order to correctly judge whether his opinion is true or not. A man who is pressed for money and sells under necessity has, no doubt, measured the price of his property by his necessity; on the other hand, if he needs a particular site for a particular purpose, as, for instance, to enlarge his business, he may not only be willing to pay a larger price than would ordinarily be obtained, but his very need is taken advantage of by the owner to compel him to pay such a price.

Therefore, to determine the value of land correctly, it is quite necessary to secure an opinion of a large number of people who would in a sense form a *market* for such a parcel; and this can only be done by a public sale, and such sales are the only true indicators in the large cities.

The selling price of property ordinarily reflects the rental value, but this may be altered by the prospect of higher rent as the community builds up and the demand increases. Values do not

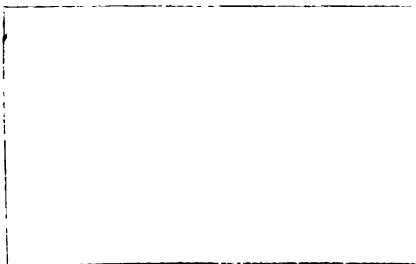
No. of Loan 2797

THE BOWERY SAVINGS BANK.

New York, July 15 1911

MR. CHARLES S. BROWN,

Please appraise the following described property, viz:

Location 1982 Amsterdam AveDimensions: Land 50x100 Building 50x80Description of Building ApartmentAm't of Mortgage, \$ 80000 Held by usTitle insured by J. G. & I. CoBond given by B. J. BlaukAddress of Bondsman 129 E. 139 St.

Appraised Value.

Land, \$ 60.000Building, \$ 90.000Total, \$ 150.000

Appraiser
Date, July 25/11

NOTICE TO APPRAISER TO EXAMINE PROPERTY—BOWERY SAVINGS BANK, NEW YORK.

always depend upon rentals, or rentals upon values; for some high-priced property brings an inadequate return, and some cheap property excessive returns, depending upon the amount of business that can be done in that particular location, irrespective of the condition of the building. A high class building does not rent to the same advantage as a cheap tenement; for while a tenement may bring in ten to fifteen per cent. gross, or from six to ten per cent. net, good authority has it that some of the best modern office buildings rarely return over three per cent.

Vacant land usually has no rental value and is not accepted as mortgage security by any mortgage company in Europe or by conservative companies in this country.

In many cases, however, the rent is a fair indication of values, for allowing four to five per cent. for running expenses, a building such as a two or three family house must earn enough to give the owner a fair return for his investment, say five per cent., and by such a rule we may capitalize rents in this manner; taking, first, the fair rental income for the property, which can

be judged with considerable accuracy by the prevailing rents, we find that one floor will rent for fifteen dollars, another for fourteen dollars, and the third for twelve dollars, or forty-one dollars, making \$492 as the total income from rents per year; on a basis of ten per cent. this would make the property worth approximately \$5,000, which in a large number of instances would not be an excessive price.

This is not to say, however, that all property does or can earn such a proportion; for in country districts and small cities it is no unusual thing to find property renting for a mere pittance alongside of city values. The land is cheap and carrying charges low and the greater part of the rent is net, and we might well capitalize rents upon a six per cent. basis. A misplaced building will, of course, be a bad renter. The structure must be adapted to the land and to the surrounding conditions; thus if an expensive building is put upon a cheap lot, it will prove disastrous, as also might a cheap building upon an expensive lot; the two must be well balanced, otherwise the investment becomes destroyed. Property that is well built carries less repairing charges than that which is flimsily constructed, and the owner of a fireproof and modern building might well capitalize it on a five per cent. basis, knowing that this five per cent. would be four-fifths net, while a flimsily constructed tenement, needing constant repair, must necessarily be capitalized higher, if it is to show any returns at all.

THE MARGIN OF SAFETY.

The margin of safety in mortgage loans depends largely upon the needs of the borrower, "aided and abetted" by the willingness of the lender. Many mortgage loans carry "the limit," and in many cases the limit is stretched by over-valuation. In speculative ventures the limit is generally asked for, and some lenders, including savings banks, have seemed to work upon the theory that because the legal limit is, say, sixty

per cent., this should be granted in as many cases as possible. On the contrary, in making small loans on homes, the opposite is true, since the lender instead of trying to devise ways and means by which he may increase the loan, generally endeavors to keep it at its minimum to save the interest charge. The tendency to mortgage *everything* is forcibly seen in the city, where opportunities are on every hand for using money to such good purpose that it becomes profitable to mortgage one property in order to buy another. Second mortgages usually carry a bonus and high interest rates, and while in some instances are risky, they have been the basis of small fortunes.

PRACTICE IN EUROPE.

It is interesting for purposes of comparison to examine the requirements of margin which are met with in Europe, in different countries, and on different classes of loans. The Russian government loans seventy-five per cent. of the value to its peasants in Russia and ninety per cent. in Poland. The usual limit is sixty per cent. The Hamburg Association, founded in 1872, could loan seventy-five per cent. In Germany, generally, the limit is sixty-six and two-thirds per cent. of the value, though the Prussian Central Boden Credit, one of the largest of their mortgage companies, is limited to fifty per cent. of the value of buildings and sixty-six and two-thirds per cent. of the value of land, while on vineyards and forests the limit is thirty-three and one-third per cent. The Deutsche Grandschuldbanke of Berlin is limited on farm loans to sixty per cent., and the Bavarian Mortgage Company of Munich to fifty per cent. Other German companies are restricted to fifty per cent. of the value of the property, or to sixty per cent. of the land value, and fifty per cent. of the value of the buildings. There is quite generally a tendency in Germany and Scandinavia to distinguish between the land value and the value of the buildings. This is, no doubt, largely due to the fact that their loans are com-

monly for a long period of years, the terms of fifty and seventy-five years being by no means unusual there, and the depreciation of buildings from age during the life of the loan being very considerable.

Turning to other countries, the Credit Foncier of France is limited to fifty per cent., except on forests and vineyards, where the limit is thirty-three and one-third per cent. In Italy, the limit for mortgage companies, originally placed at fifty per cent., was raised in 1881 to sixty-six and two-thirds per cent., though the loans of associations are still kept under fifty per cent. In Russia, the St. Petersburg Credit Association is limited to fifty per cent., and the same is true of the associations in Belgium, though the mortgage companies there loan up to sixty-six and two-thirds per cent. The largest mortgage company in Austria is limited to fifty per cent. In Denmark, the companies are limited to sixty per cent. on land and fifty per cent. on buildings, while the associations are limited to fifty per cent. on land and forty per cent. on buildings. In Norway, the limit is sixty per cent. on all farm loans and loans in Christiania and Bergen, while it is forty per cent. to fifty per cent. in other towns. In Sweden, the limit is generally fifty per cent., though the Stockholm Mortgage Company has been raised to sixty per cent. In Argentine and Mexico the limit is also fifty per cent. The limitation in Germany is sometimes expressed in terms of rentals, the German Mortgage Bank of Berlin, for instance, being limited to ten times the official assessed income in cities, and twenty-five times the assessed income on estates, and the South German Mortgage Company to twenty times the net income.

To summarize the result of an examination of the margins required in different countries, it may be stated that the limitation on loans varies from twenty-five per cent. to seventy-five per cent. of the value of the security, and that with few exceptions the limi-

tation varies between thirty-three and one-third per cent. and sixty-six and two-thirds per cent. of the value.*

COST.

In arriving at the cost of a building, there is no absolutely accurate method. Some appraisers employ the foot-front rule, while others use the cubic-foot rule. The cost of various classes of buildings has been ascertained with enough accuracy to make the following rules a fair guide in the appraisal of the value of a new building:†

Brick tenements, old buildings, 8 to 12 cents per cubic foot; new law tenements, non-fireproof, 15 to 25 cents per cubic foot; high class apartments, fireproof, 25 to 45 cents per cubic foot; store and loft buildings, non-fireproof, 12 cents per cubic foot; new law mercantile buildings, fireproof, 25 to 35 cents per cubic foot; office buildings, fireproof, 35 to 60 cents per cubic foot.

There will be variations, of course, depending upon the character of the work, the decorations, plumbing, trim, etc., but these figures give an approximate value of the building. The cost of maintenance depends upon the character of the building. A two-family dwelling costs but little outside of taxes and insurance, while an office building or elevator apartment has the added expense of elevator service, attendants, heat, light, etc. A poorly built building costs much more to maintain than a well constructed one, since it is constantly running down and in need of repairs. The plumbing goes wrong, ceilings fall, tenement house violations are filed against it, and all these add to the cost of the up-keep.

INCOME.

The income from any property depends upon its desirability and adaptability to the purposes for which it has

* Practical Real Estate Methods, Page 195.

† Figures supplied by Mr. John J. Pulleyn, Comptroller, Emigrant Industrial Savings Bank, New York, a recognized authority on mortgage loans.

LOAN No. 397
 Owner *H. B. Brown*
 Property No. 9 East 10th St.
 York and West Streets
 Size of Lot 50 x 100
 Date of Application Aug 1, 1911
 Loan Desired \$4000
 Appraisal sent to *Brown & Jones*

APPRAISEMENT REPORT.

Value of Land	\$2500
Value of Buildings	4500
Total	\$7000

Loan closed Sept 10, 1911 \$3500

CHARGES.

Recording Mortgage	\$ 1.50
Appraisal	3.00
Drawing Bond and Mortgage	3.00
Revenue Stamps	
Search	\$9.00
Total Expenses	\$56.50

APPRaiser's REPORT AND AFFIDAVIT OF TITLE—THE SAVINGS BANK OF UTICA, UTICA, N. Y.

been constructed. If a loft, there must be taken into consideration light and air, location in respect to the particular trade for which it is intended, nearness to shipping facilities, etc. If an apartment or flat, the class of tenants to be attracted, the neighborhood, nuisances and transportation facilities. A

well built and well arranged apartment will command a better class of tenants and stand higher rents than one that is merely speculative. If light, air and arrangement are satisfactory, and the quality is maintained, the original rent may be steadily adhered to, and where the market is not over crowded, the

LOAN No. 397
 County, as:
 sworn, says that he is the applicant, for a loan of \$4000 on property in the City of *Utica*, known as No. 9 East 10th Street from THE SAVINGS BANK OF UTICA, that he is a citizen of the United States, and the owner of said premises in fee simple absolute, that he has never heard the title thereof called in question, that he has not contracted to sell the same, and knows of no person other than deposit who claims or has any interest therein. Deposit further says that there is no judgment against him unpaid or unsatisfied of record docketed in the office of the *County Clerk*, or in the United States Courts for the Northern District of New York, that there are no unpaid taxes or assessments now due or levied on said premises, and that there are no incumbrances of any nature, recorded or unrecorded, on said premises except

that no proceedings in bankruptcy have been taken by or against deposit and that deposit is in personal possession of said premises. That the following persons, residing on said premises, are tenants of deposit who have been running as follows:

Deposited by owner
as residence

Subscribed and sworn to before me this 3 day of Aug. 1911
H. B. Brown
H. B. Brown

APPRAISEMENT REPORT.

Size of Buildings 25 x 45
 Material of Buildings *Brick*
 State of Repair 900
 Used as *Dwelling*
 Rents for
 Names of Tenants *owner*
 Length of Leases *none*

We have examined above property and certify its value, in our opinion, to be as follows:

Value of Land	\$2200
Value of Buildings	4500
Total	\$6700

Dated Aug 28, 1911
H. B. Brown
H. B. Brown
 Committee:

question of vacancies will not be serious; but as a general proposition, capitalized rents is a fair basis of value, and when proper deductions are made for vacancies this method affords a good test of values,—unless the rents are inflated and fictitious,—as is often the case in speculative buildings.

SAFEGUARDS.

It remains to suggest how the various elements of risk may be guarded against. First of all there should be an ample margin to allow for contingencies, and to this end it is essential that the appraisal be made with good judgment. There is no doubt but that many loans made by savings banks carry "all the traffic will bear" and sometimes more. And especially is this true in cases where the savings bank is commercialized. Errors of judgment there will be as long as men are human and cannot look far into the future; but no changes in realty are so sudden that they may not be guarded against. The New York Times of March 25 contained a news item from Massachusetts, stating that the Bank Commissioner of that State had filed a complaint against five members of the Finance Committee of the Greenfield Savings Bank for alleged violation of the saving bank law of the State, in making excessive loans. In a short time the sum of \$288,000 had been charged off for losses from this cause. One loan of \$153,000 was made on a hotel property that brought only \$35,000 on sale. The bill charges that the committee not only made loans in excess of the legal ratio (sixty per cent.), but in some cases loaned more than *the total value of the property*.

Another danger arises from depreciation in value, due to causes that may be termed economic. Of this character are those resulting from the changes in neighborhoods, mentioned above. Against this there can be but one check, and that is frequent re-valuation and careful watch of the realty movements. These movements are not usually of sudden occurrence and can be guarded

against. Changes in assessed valuation often indicate which way the wind is blowing, and while not a true index of values, often afford a starting point for such work.

In New York it is the policy of the tax bureau to tax full value, and while this may in certain cases prove otherwise, yet the aim is to assess each parcel at its fair market value.

REALTY MOVEMENTS.

One point to be watched and carefully guarded against in making mortgage loans is the loss in values through changes in the internal structure of a city. This is due to many causes, such as the building of bridges, abandonment of ferries, changes in transportation lines, the crowding out of residences by business and manufacturing establishments, etc. The first cause is noticeably true in New York and Brooklyn. The building of the Williamsburg Bridge, which ultimately caused the ferries to be temporarily abandoned, turned the tide of travel over the bridge and left the lower end of Broadway more or less deserted. The building of the Queensborough Bridge has altered the whole aspect of Long Island City and also the region immediately surrounding the bridge terminal in New York. Such changes either improve or damage the property in the neighborhood, and must be carefully watched. The building of subways also has a marked effect upon property, usually for the better.

There is always going on in large cities a movement of the best stores in the direction of the residential districts. This is due to the fact that storekeepers find it advisable to be as near as possible to their customers; thus the old shopping center of New York at Sixth avenue and Twenty-third street has moved up to Fifth avenue and Thirty-fourth street. Such movements leave sort of a vacuum behind, which is filled up by cheaper stores, wholesale houses, etc. And unless the growth of the city is rapid enough to make wholesale property worth as much as the retail

property formerly was, there is quite likely to be a drop in values.

Property used for wholesale purposes is quite apt to locate between the shopping districts and the terminals and wharves, so as to be able to handle goods cheaply and yet be in a location convenient for its customers. Where the transportation is largely by water such business is apt to center around the waterfront, and when the railroad comes in with competition and takes the prestige away from the water route, changes are likely to follow in values in dock properties.

In the case of residence property, social reasons enter in largely to determine values, which are usually high. As the transportation systems are improved, such property moves away from business centers to more quiet neighborhoods. Such property is seriously affected by nuisances of any kind, and such should be carefully watched. Of such a character would be stables, hospitals, armories (making a "dead" block), properties rented to negroes, Italians, etc.

WARNINGS.

One of the first signs of danger in real estate loans is tardy payment of interest and taxes. This indicates that the borrower is sailing close to the wind and his mortgage instead of being a help to him has proved a dragweight. There are two safeguards against this: First to insist upon prompt payment of the interest and taxes. *This can be done.* But if the borrower is given to understand that "any old time will do," he is apt to take any old time to do it. In a certain savings bank where promptness was *not* the rule, this habit became chronic. Notices were never

sent out in advance. When the interest was thirty days overdue, notice was mailed requesting prompt payment. This brought some into the fold. A month or two later another notice went out. Little or no response. Again a notice a month later. No response. Then a personal visit by one of the clerks. Result: Promises, ardent, and excuses, plausible, but no adequate results. By this time the interest was six months overdue and the time to report to the Department of Banking was at hand. The upshot of the whole matter was that one of the officers usually advanced the interest himself and took his chances. Even a letter from the bank's attorney in many cases elicited but little response, for the borrower had been educated to the point of knowing the bank did not "mean business," and treated the whole affair somewhat as a joke. It would have been a kindness to many of the mortgagors to have been rigid in requiring promptness,—not being harsh or unkind, but simply as a business proposition, insisting upon due diligence in the payment of that which was justly its due.

Another safeguard which is coming to be given serious attention in the making of real estate mortgages is the part payment or amortization plan. By this method a monthly payment is made which includes both interest and principal, and in the course of time the loan is discharged. The advantage of this method is that the payments are small and can be watched closely and kept up to date; and inasmuch as the principal is constantly being reduced, the margin at the beginning may be increased, making home owning much easier for the poor man.

(To be continued.)

1911 BANKERS' CONVENTION CALENDAR

OHIO—July 5, 6 and 7, Cedar Point; Secretary, S. B. Rankin, South Charleston.

WISCONSIN—July 12 and 13, Milwaukee; Secretary, George D. Bartlett, Milwaukee.

AMERICAN INSTITUTE OF BANKING—September 7 and 9, Rochester, N. Y.; Secretary, George E. Allen, N. Y.

ILLINOIS—October, Springfield; Secretary, R. L. Crampton, Chicago.

PRACTICAL BANKING

DEMAND LOANS

By William M. Rosendale, Assistant Cashier of the Market & Fulton
National Bank, New York

IT is impossible to express a hard and fast rule governing securities pledged for loans, for the reason that the nature of the loan is dependent upon the contract between the borrower and the lender. As a general rule, twenty per cent. margin is required to be kept good. In some cases even greater margins are required. Where high grade bonds form the security a much smaller margin is required. During the panic days of 1907, forty per cent. margin was in certain cases demanded by the banks on loans. Some lenders insist on all dividend paying railroads, others are willing to lend on various mixtures of railroads and industrials, and this is the general rule. The ordinary Wall Street loan is secured by about sixty per cent. railroads and forty per cent. industrials, sometimes half and half, sometimes all industrials. Generally in the case of a preponderance of industrials a slight advance over the current rate of interest is asked.

The Stock Exchange ticker informs all investors or intending investors daily as to the prices at which they can buy or sell securities on the active list of the exchange. Margins on loans are less liable to be quickly wiped out or impaired when secured by a line of mixed collateral than secured by one security, even if it be of a particular merit.

The New York Stock Exchange has no set rules governing loans. The payment of call loans may be demanded up to one o'clock, and custom requires that they shall be paid by two o'clock. The law, however, gives them until three o'clock. The time up to which renewals may be made on call loans is one o'clock. The renewal rate on call loans is made in accordance with the

supply and demand on the floor of the New York Stock Exchange any time before one o'clock. After the Stock Exchange rate has been communicated to the various offices, renewals of the entire list are made on that basis between lender and the borrower direct. The rate of money after one o'clock frequently differs from the renewal rate.

About eighty per cent. of the stock pledged by brokers are securities purchased by them for their customers, and is stock that the customers have ordered to be carried on margin.

While occasionally a loan is made on a note backed only by the maker's credit, most loans are secured by some evidence of actual property, such as bonds, stocks, bills of lading or warehouse receipts. With these securities a promissory note is given. This note has a pledge of collateral scheduled therein so worded that whenever the bank deems it proper it may call for additional security.

A margin must be maintained and in default the note provides that the loan becomes immediately due and the securities therein pledged may be sold without notice at public or private sale to pay the loan or any other indebtedness due by the maker.

Under the law of New York State a bank would have the right to apply the proceeds of the collateral in satisfaction of the general indebtedness of the maker of such a note. Cases have occurred where the statement (any other indebtedness) was not in the note and attempts to apply unused portions of the proceeds to other indebtedness have not been successful.

Where personal property is specifically assigned as collateral or pledged for a particular debt or loan, it cannot

be held arbitrarily for any other debt or advances.

In the case of *Duncan vs. Brennan* (83 N. Y. 487), *Duncan, Sherman & Co.*, bankers, loaned to *Boyd & Hobson* \$10,000.00 on pledge of certain warehouse receipts for whiskey, and subsequently the loan was paid, and the sheriff of New York County attempted to levy on the whiskey under an execution upon a judgment against *Boyd & Hobson*. The bankers claimed that *Boyd & Hobson* were indebted to them for specific advances and claimed the right to hold the warehouse receipts as security for *Boyd & Hobson's* indebtedness to them. The Court of Appeals held:—Personal property specifically pledged for a particular loan cannot in the absence of a special agreement be held by the pledgee for any other advances. The general lien which bankers hold upon securities deposited with them to secure the payment of a specific account cannot be applied to the payment of other claims.

In speaking on this very subject, the Supreme Court of the United States, in *Reynes vs. Dumont* (130 U. S. 354), holds:—A banker's lien rests upon the presumption of credit extended in faith of securities in possession or expectancy, and does not arise in reference to securities in possession of a bank under circumstances, or where there is a particular mode of dealing inconsistent with such lien.

The Court of Appeals of New York State, in *Wyckoff vs. Anthony* (90 N. Y. 442), hold: "Where securities are pledged to a banker or broker for the payment of a particular loan or debt, he has no lien upon the securities for a general balance, or for the payment of other claims."

Temporary injunctions were issued in October, 1907, to prevent the sale of collateral which would result in a sacrifice of securities owing to panicky conditions, the injunctions were dismissed and not made permanent, the court holding that the form of note already described give them right to sell.

Certificates of stock received as se-

curity should be dated, signed, sealed and duly attested by the Registrar. Powers of Attorney upon the back of certificates should be carefully filled in, leaving the name of attorney and of the party to whom the transfer shall be made in blank.

The signature to the power must correspond with the signature upon the face of the certificate and should be witnessed. Bonds offered as collateral should be closely scanned to note if registered. If so, a power of attorney must accompany. Signature, date, seal and next maturing coupon must all be in place. When a portion of the securities is withdrawn, care should be exercised that a payment is made proportionate to the value of the withdrawn securities and in case of substitution that the value of the security be not lessened.

Sometimes a dishonest broker will put up securities that he has no claim on, but if to all general appearances the securities are properly assigned, the loaning bank has good title to them.

In the case of *William W. Tracy & Company, bankrupts*, United States District Court, Southern District of New York, Judge Holt: The National City Bank received for collection a draft, to which was attached Certificates of Stock, and its messenger took the same to the office of *Tracy & Company*, where he presented the draft for payment, and left it with them for examination. It being the custom of National City Bank to leave drafts and the stock attached so that the banker could look into the transaction and before three o'clock the custom required the banker to send a certified check for the amount of the draft to the National City Bank. *Tracy & Company*, instead of following out the custom, as soon as the messenger left, took the certificates of stock from the draft and pledged them with the Royal Bank of Canada as security, and after three o'clock sent to the National City Bank an uncertified check.

The next morning the National City Bank demanded a certified check or the return of the draft with the stock at-

tached. The National City Bank then brought proceedings to recover their stock, on the ground that inasmuch as the draft was not paid, title to the stock had not passed to Tracy & Company, and, therefore, the stock was illegally pledged with the Royal Bank of Canada and the National City Bank was entitled to the return of the stock. The Court held that when the National City Bank's messenger left the stock and draft with Tracy & Company, in accordance with the custom that prevailed, title to the stock did not pass to Tracy & Company, and that Tracy & Company had no right to pledge the stock with the Royal Bank of Canada, but inasmuch as the stock was all properly endorsed and the Royal Bank of Canada was an innocent party who had parted with value on the strength of the certificates of stock, the Royal Bank of Canada has the right to dispose of the stock to pay their loan.

(Although the broker has no right to pledge the stock, and in pledging it is guilty of larceny, nevertheless, by reason of the circumstances that the stock was duly endorsed with a transfer in blank, executed by the real owner, the real owner exposes himself to the risk of losing his stock if the person to whom it was pledged in good faith for a valuable consideration found it necessary to sell it in order to secure payment of his advances.)

The United States Circuit Court of Appeals, in *J. A. McIntyre & Company bankruptcy matter* decided the same principle of law, although the facts were different.

In the matter of *McIntyre & Company, bankrupts*, United States Circuit Court of Appeals. Judges Lacombe, Ward and Noyes:—One Pippey left a certificate of eighteen shares of Pullman Co. common stock duly endorsed with McIntyre & Co. as security for transactions thereafter to be had between them, but no authority to repledge the stock being given to McIntyre & Co. Thereafter transactions were had; some stock was bought and sold, and on April 9 all pending transactions were closed out and the firm

owed to Pippey about \$500.00 and had his Pullman Co. stock. Thereafter McIntyre & Co. pledged Pippey's Pullman stock with the Metropolitan Trust Co. as a substitute collateral security for a loan of \$200,000.00. The Trust Company liquidated its claim of \$200,000.00 by selling securities, but retained the eighteen shares of Pullman Co., which was subsequently returned by the Trust Company to the Receiver in Bankruptcy of McIntyre & Co. Thereupon Pippey made a motion to compel the return by the Receiver in Bankruptcy of the eighteen shares of Pullman Co.

The Court said the stock was deposited with McIntyre & Co. merely as security to protect them against any loss from transactions on the market for Pippey's account. The firm had no right to pledge them for any of its own debts. When it did pledge them to the Trust Company the day before its failure, the firm had no transaction pending and was itself indebted to Pippey. This was a larceny of his stock; no one disputes that proposition. By reason of the circumstances that when he left the certificate with the brokers, it was duly endorsed with a transfer in blank executed by himself, he exposed himself to risk of losing his stock if the person to whom it was pledged, in good faith for a valuable consideration, found it necessary to sell it in order to secure payment of his advances. That would be solely because Pippey would be estopped from asserting his title against the person who had parted with value on the faith of the transfer he had signed. But the pledgee has not found it necessary to sell the Pullman stock; it has repaid itself from other items of the pledged property; it no longer has any lien on such property; it can no longer avail of any doctrine of estoppel; Pippey's title to his stock is absolute, he is entitled to the certificate which represents that title. The trustees in the language of the United States Supreme Court "have no better right in it than the bankrupt."

A large number of our banks make

loans for correspondents, using same care as with their own loans.

Where one bank acts as an agent for another in loaning funds it is only required to use the ordinary care which is customary in the transaction of business of that nature, that is, the bank is not a guarantor.

A bank receiving money for investment even without compensation is responsible for any loss or injuries resulting from want or exercise of ordinary skill or knowledge.

The omission of a bank upon accepting shares of stock as collateral security to present them for verification where there is nothing upon their face calculating to raise suspicion is not sufficient to charge the bank with negligence.

If the number of shares represented by the certificates accepted as collateral has been raised by a forgery so skillfully and deftly executed that no ordinary skill exercised upon a reasonable examination would have disclosed the fraud or raised suspicion, the bank is not liable.

In the case of the Clinton National Bank, of Connecticut, against the National Park Bank, of New York (37 App. Div. 601), the New York correspondent of a Connecticut banking corporation which received from the latter the following letter: "Please receive of Messrs. Quigley & Tuttle their demand note for \$5,000.00 payable to our order at the National Park Bank, rate seven per cent., with \$7,000.00 City of Davenport, Iowa, six per cent. street improvement bonds as collateral, and hand them the enclosed draft on you for \$5,000.00," is only bound to give the bonds when deposited such an examination as is customary among bankers engaged in the same transactions under the same circumstances.

The fact that the clerk who received the bonds, which subsequently proved to be spurious, only looked at the backs of them to see that they aggregated the amount mentioned in the letter of instruction, but did not open them, and that, had he done so, it would have been apparent that the coupons and the

bonds were printed on separate sheets of paper of slightly different shades and were not sealed, does not show negligence as will render the correspondent liable to its principal, where it appears that the business of loaning money upon municipal bonds is transacted very largely upon confidence in the character of the persons with whom such dealings are had; that the almost invariable custom of bankers in receiving such collateral is to examine the outside of the security to see whether it purports to be of the amount called for, whether the going coupon is attached to the bond, and if the bond purports to be registered, whether it bears the certificate of registration; and where it further appears that it would be impracticable, in view of the number of such transactions, to give the securities anything more than such a cursory examination.

It is immaterial whether the correspondent acted gratuitously in receiving the bonds for its principal.

Bills of lading and warehouse receipts should be properly assigned to the bank. The following interesting case on forged bills of lading has been recently decided:

Springs vs. Hanover National Bank. Knight, Yancey & Co. drew a draft for \$39,000.00 on Springs & Co., to which was attached bills of lading for cotton, but no reference was made in the draft to the bills of lading. Knight, Yancey & Co. had the drafts, with the bills of lading attached, discounted by the First National Bank of Decatur, Alabama, which bank forwarded the drafts with the bills of lading attached to the Hanover National Bank of New York for collection, who presented the draft to Springs & Co. who paid it, and the Hanover Bank remitted the proceeds to the First National Bank of Decatur. Shortly thereafter, Springs & Co. discovered that the bills of lading were forgeries and demanded of the Hanover National Bank their \$39,000.00, and it not being paid, brought suit, claiming that they paid the \$39,000.00 to the Hanover National Bank under a

mistake of fact, and were therefore entitled to recover it back. The Court held that the plaintiff was not entitled to recover, because the First National Bank of Decatur were bona fide holders for value, and the Hanover National Bank acted merely as the agent of the Decatur Bank. That neither the Decatur Bank nor the Hanover Bank knew that the bills of lading were

forged. They did not guarantee the validity of the collateral.

If the draft had mentioned the bill of lading and had been drawn against it, the decision of the Court in all probability would have been for the plaintiff, because in that case the acceptance of the draft would not have been absolute, but would have been against the bill of lading.

TRUST COMPANIES

Conducted by Clay Herrick

IN THE NEW YORK CLEARING HOUSE

EASILY the most significant event in the history of trust companies during recent years is the admission of trust companies to the New York Clearing House in May, 1911. The event is of national interest; both because the banks and trust companies of New York hold deposits for most of the financial institutions of the country, and because the settlement of this long-discussed question in the financial center of the Nation must have a decided influence in its settlement in the smaller clearing-house cities. The event is also of interest not only to all financial institutions, but to the general public, for it means a great step forward in two important particulars,—the more thorough regulation of trust companies as well as banks in New York city, and the coöperation of most of the strong financial institutions of that city. Both of these features will be of powerful effect in frustrating attempts at wildcat banking, and in checking any unnecessary tendency to panic in troublous times.

The decision marks the triumph of common sense and of mutual concessions in a discussion which has occupied attention intermittently for a number of years. Various plans for trust company clearings have been suggested. Two years ago it was seriously pro-

posed to organize a special bank for trust companies, which should as a member of the clearing house make the exchanges for the trust companies. More recently there has been talk of the trust companies organizing a clearing house of their own.

The matter was finally brought to a happy conclusion when, on May 9, 1911, the members of the clearing house, by an almost unanimous vote, adopted the report which had been submitted one week before by the sub-committee on trust company relations. Trust companies having capital stock of one million dollars or more were made eligible upon condition of their maintaining a cash reserve of fifteen per centum in their own vaults and a reserve of ten per centum on deposit with members of the association who carry a twenty-five per centum cash reserve in their own vaults. They are also, of course, to submit to the regular examinations of the association, and to furnish to the manager for publication a weekly report of average daily condition, and of actual condition at the close of business on each Friday.

Of the forty-four trust companies in Greater New York, thirty are now eligible to membership under the one-million-dollar-capital rule. The combined capital of these thirty companies

exceeds \$55,000,000, and their aggregate resources are more than \$1,300,000,000. In this connection the following figures as of December 31, 1910, are of interest, showing as they do the relative liabilities of the national banks, trust companies, State banks and savings banks within the corporate limits of Greater New York:—

	Capital.	Surplus and Profits.	Gross Deposits.	Total Resources.
57 National banks	\$122,202,000	\$176,572,100	\$1,431,843,100	\$1,787,812,500
44 Trust companies	63,206,000	175,811,500	1,118,217,600	1,392,025,000
52 State banks	23,975,000	38,886,100	408,105,600	470,966,700
53 Savings banks .....	.....	78,219,874	1,048,210,877	1,158,809,900
206 banks	\$209,383,000	\$469,489,574	\$4,006,377,177	\$4,809,514,100

Just how many of the eligible trust companies will ultimately accept the opportunity to enter the clearing house can not now be stated, but it is certain that a large majority will do so. At this writing, fifteen companies have been admitted. There is some indication that two or three of the ultra conservative companies are not inclined to enter, but it seems probable that all the others will do so within the near future.

The essential concessions made by the trust companies in entering the clearing house are the maintenance of a twenty-five per cent. reserve, and the submission to the various rules of the association, including close supervision and examination. The latter will, of course, promote more careful methods, and should not be objected to by well managed companies. Regarding the increased reserve which must be maintained, it is interesting to note that the one trust company, the Manhattan, which has for eighteen years enjoyed the privileges of the clearing house (through the Chase National Bank) has not only increased its deposits many times over, but has during the eighteen years raised its surplus from \$225,395 to \$2,197,000, indicating that the maintenance of the reserve has not seriously interfered with profits.

In advocating the admission of the trust companies, William A. Nash, chairman of the clearing-house commit-

tee, traced the history of the movement to better regulate the trust companies and compel larger reserves, in which he had taken an active part, and called attention to the advantages to be gained now by the admission of the trust companies to the clearing house. After reference to the objections, he said: "But, gentlemen, besides these narrow

and technical objections to the amendments there is a wider and broader reason for our action to-day which has pressed upon me ever since this movement was first started. We are doing more than admitting trust companies to our clearings. We are consolidating and controlling the banking powers of New York. We are performing a national service and duty. We are assisting the reform of our national finances by organizing the first National Reserve Association under a yet unborn law, but which I believe is speedily to have life and vigor. We can make a valuable contribution to our country's financial well-being by what we do here to-day."

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

UNAUTHORIZED FILLING OF BLANKS

LEAVING A BLANK FOR NAME OF PAYEE.

Supreme Court of Nebraska, November 20, 1910.

HARTINGTON NATIONAL BANK VS. BRESLIN.

Defendant signed a promissory note which was perfect on its face, with the exception of a blank for the name of the payee, and intrusted it to his comaker who delivered it in that form to a bank two days later, before it was due, in violation of an agreement that it should be used by him in buying a meat market, that the name of the seller should be inserted in the blank, and that the note should be returned to defendant if not used for that purpose. The bank accepted the note at its face value and afterward inserted its own name in the blank as payee. *Held*, that the instrument is not enforceable against defendant within the meaning of that part of the negotiable instruments law relating to the filling of blanks and containing among other things the following provision: "In order, however, that any such instrument when completed may be enforced against any person who became a party thereto prior to its completion, it must be filled up strictly in accordance with the authority given and within a reasonable time."

THIS was a suit upon a promissory note for \$400. Defendant and Breslin signed the note, but left a blank for the name of the payee. It was agreed between them that the note should be used by Breslin in purchasing a meat market at Fordyce from the owner whose name was at the time unknown but which afterward was found to be Jacob Hauri. In the event of a purchase Hauri's name was to be inserted in the blank, but otherwise the note was to be returned to defendant. The insertion of the name of the bank as payee was not authorized by defendant and he never consented thereto.

ROSE, J. (omitting part of the opinion): Before the note was signed, however, the negotiable instruments law was passed and by it the transaction in controversy must be tested. Generally this act retains the rules of the law

merchant, and its purpose, as suggested by its title, is "to establish a law uniform with the laws of other States." While England, and most of the States of this country, have been consistent in making such statutes uniform, an examination of the holdings of the courts in which those acts have been construed indicates a diversity of opinion. The view, however, that the provisions of section 14 of the Nebraska negotiable instruments act, which is invoked by defendant herein, change the rules of the law merchant in material respects appears to be unanimous. (Herdman vs. Wheeler [1902] 1 K. B. 361; Lloyds Bank vs. Cooke [1907] 1 K. B. 794; Boston Steel & Iron Works Co. vs. Steuer, 183 Mass. 140; Vander Ploeg vs. Van Zuuk, 135 Iowa, 350.)

Section 14 provides: "Where the instrument is wanting in any material particular, the person in possession thereof has a prima facie authority to complete it by filling up the blanks therein. And a signature on a blank paper delivered by the person making the signature in order that the paper may be converted into a negotiable instrument operates as a prima facie authority to fill it up as such for any amount. In order, however, that any such instrument when completed may be enforced against any person who became a party thereto prior to its completion, it must be filled up strictly in accordance with the authority given and within a reasonable time. But if any such instrument after completion is negotiated to a holder in due course, it is valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up strictly in accordance with the authority given and within a reasonable time." Comp. St. 1909, c. 41, § 14.

Within the meaning of this language, defendant became a party to the note "prior to its completion," and therefore in order that it may be enforced against him the blank "must be filled up strict-

ly in accordance with the authority given." (*Guerrant vs. Guerrant*, 7 Va. Law Reg. 639.) That defendant gave plaintiff no authority to fill the blank with its own name is shown by uncontradicted testimony. The verdict against him, therefore, is not sustained by sufficient evidence—a question raised in both courts by an assignment of error. For this reason the enforcement of the statute requires a reversal, which is ordered.

Reversed and remanded.

DAMAGES FOR WRONGFUL DISHONOR OF CHECK

RECOVERY DEPENDENT ON PROOF OF LOSS OF CREDIT.

Court of Civil Appeals of Texas, October 20, 1910.

WESTERN NATIONAL BANK VS. WHITE.

One suing a bank improperly dishonoring a check drawn on it for damages for the mortification and humiliation of mind and injury to reputation consequent on his arrest on a charge of swindling may not recover damages for loss of time or credit founded on the negligent breach of contract by the bank in dishonoring the check.

One not a merchant or trader who sues a bank in which he is a depositor for erroneously dishonoring a check must, to recover for loss of credit, allege and prove the loss.

A depositor in the W. Bank drew his check for the amount of his deposit and forwarded it through the H. Bank for collection with the understanding that he would not draw any cash on it until the check was reported paid. The check was reported paid, whereon the depositor checked out of the H. Bank the amount thereof. Subsequently the H. Bank was notified that the check had been dishonored by the W. Bank for want of funds as shown by its books. The cashier of the H. Bank reported the matter to the sheriff and county attorney, and the depositor was arrested for swindling. The check was dishonored because defendant bank had credited deposit by plaintiff to the wrong account. The arrest of the depositor was without the knowledge of the W. Bank. After the arrest, the W. Bank informed the officer holding the depositor that the check was dishonored for want of funds. The officer holding the depositor under arrest would have released him only on orders from the sheriff. *Held*, that the W. Bank was not liable for the false arrest of the depositor because the

arrest was not the proximate cause of the breach of the contract caused by the dishonoring of the check.

THIS was an action to recover damages for false arrest, made because the check of the plaintiff had been improperly dishonored. The facts of the case and point decided are stated in the syllabus.

ACCEPTANCE BY TELEGRAPH

DEFENCE THAT ACCEPTANCE WAS CONDITIONAL AND MONEY NOT RIGHTLY USED.

Supreme Court of Nebraska, April 24, 1911.

STATE BANK OF BEAVER COUNTY VS. BRADSTREET.

A telegram in the following form: "Will pay McMillan's draft on me two fifty for horses" is not a conditional acceptance, and the bank cashing the same may hold the acceptor though the money was applied by the drawer to another purpose.

THIS was an action against Tom Bradstreet, an acceptor of a draft for \$250, drawn by J. A. McMillan. The draft was cashed by the State Bank of Beaver County, after it had received a telegram from Bradstreet in the following form: "Will pay McMillan's draft on me two fifty for horses." The defense was that the acceptance was conditional, and was not binding upon Bradstreet because the drawer had not used the money for the purchase of horses.

FAWCETT, J. (omitting part of the opinion): It is contended that the acceptance upon its face shows it to be a conditional acceptance; that the words "for horses" constituted such a limitation upon the acceptor's liability that he cannot be held, unless it appears that the proceeds of the draft were used for the purchase of horses. This contention implies that it was the duty of the plaintiff, when it cashed the draft for Mr. McMillan, to follow him out of the bank and see to it that he used the proceeds of the draft for that purpose, and no other. Such is not the law. *Bissell vs. Lewis*, 4 Mich. 450, and *Coffman vs. Campbell & Co.* 87

Ill. 98, are in point, and the reasoning of those cases meets our approval. In *Coffman vs. Campbell & Co.* the acceptance was: "Will pay A. Harper draft, twenty-three hundred dollars, for stock." The exact similarity of that acceptance and the one under consideration here is apparent. In the syllabus in that case, it is held: "A telegram agreeing to accept a person's draft for a certain sum, 'for stock,' is not a conditional contract, but an absolute undertaking to accept and pay the same; and a party discounting the draft, on the faith of such telegram, is entitled to recover the amount of the party so agreeing to accept. . . . In a telegram to a party, in relation to a draft, that the person sending the dispatch 'will pay A. B.'s draft, twenty-three hundred dollars, for stock,' the words, 'for stock' subserve no purpose as between the payee and the acceptor. At most, those words are but an indication of the nature of the consideration as between the drawer and the acceptor."

The reasoning of the majority opinion in *Coffman vs. Campbell & Co.*, concurred in by five of the seven justices, is, we think, unanswerable.

POST-DATED CHECK

Court of Appeals of Georgia, September 28, 1910.

SMITH VS. MADDOX-RUPER BANKING CO.

Where a bank pays a post-dated check before the date thereof, and then dishonors other checks because the payment of the post-dated check has left insufficient funds for that purpose, it is liable to the depositor for a wrongful refusal to pay his checks.

W. K. SMITH sued the bank for general damages resulting to him from the wrongful protest of two checks drawn by him on his bank account. Smith had a deposit account with the defendant bank, and on April 7, 1905, he had a sum to his credit. On that day he drew a check for \$140, payable to an insurance company, but dated it thirty days ahead. This check came into the bank on April 17, and was charged to his account. In the

meantime he drew other checks, not sufficient, however, to have overdrawn his account if the post-dated check for \$140 had not been charged up, but his account did become apparently overdrawn by the charging up of this check, and when the two checks in question came in they were protested for lack of funds. The point was that the check of \$140, being dated May 15, 1905, should not have been charged to his account prior to that date and the two checks that were protested should have been paid.

The jury found in favor of the plaintiff a verdict for \$400. The defendant filed a motion for a new trial, containing several grounds. The judgment was affirmed.

In the course of the opinion the Court said:

A post-dated check (i. e., a check dated at a time in future) is not subject to payment or acceptance until the time of its date arrives. If it be presented at a time in advance of its date, the drawee, then if he has funds sufficient to pay it, cannot pay it, or retain the fund to pay it, as against other checks or drafts presented prior to the time the check bears date. The drawer of the post-dated check does not undertake to have the funds in the drawee's hands to meet it before the time at which the check bears date arrives.

CONTRACTS OF CASHIER

Supreme Court of Idaho, July 28, 1910.

SPANGBERG VS. FIRST NATIONAL BANK OF MONTPELIER.

In contemplation of law, the leasing of property belonging to a national banking association is not within the ordinary powers and duties of the cashier of the bank.

Where the cashier of a national bank has entered into a contract to lease certain of the bank property for a term of years, and it does not appear that he had any express authority from the board of directors to do so, but it does appear that the contract signed by the cashier and the lessee has been in possession of the bank for eighteen months, and that at least a majority of the directors of the bank had knowledge of the contract and its terms and conditions, and that the cashier was

exercising the power and authority of leasing the bank property, and especially vacant rooms in the bank building, and that the bank's building committee or its board of directors made changes in the plans and specifications of its building on the suggestion of the lessee and incorporated the same in the building as erected and finished, the room to be occupied by the lessee in accordance with his request and suggestions, and the board of directors never repudiated the contract or notified the lessee that they would not live up to the same until after the expiration of eighteen months and the completion of the building, *Held*, that such acts and conduct on the part of the board of directors amounted to a ratification of the action of the cashier, and rendered the contract entered into by him the contract of the bank.

AILSHIE, J. (omitting part of the opinion): In the first place, our attention is called to the provision of section 5145 of the Revised Statutes of the United States (U. S. Comp. St. 1901, p. 3463), which provides that the affairs of each national banking association shall be managed by not less than five directors, who shall be selected by the shareholders. Counsel contend that under the provisions of this statute and the decisions of the courts, construing the powers and authority of the officers of national banks, the cashier in the case at bar had no power to enter into a contract for the leasing of the premises in question, unless he was first authorized so to do by a vote of the directors of the bank.

This may well be accepted as the general rule of law applicable in such cases. (*Bank of Commerce vs. Hart*, 37 Neb. 197; *Taylor vs. Bank of N. Y.*, 174 N. Y. 181, 66 N. E. 726, 62 L. R. A. 783, 95 Am. St. Rep. 564.) This rule, however, is not without a great many exceptions. For instance, the cashier or other officer of the bank may act without the scope of his authority and in a matter to which he is not authorized, and yet the bank may subsequently act in such a manner with reference to the particular transaction or subject-matter as to amount to a ratification of the unauthorized action of the cashier or other officer, or it may take such affirmative action in accepting the benefits and fruits of the transaction as to preclude it from thereafter

questioning or denying the authority of the officer to act for it. It may also remain silent and inactive at a time when good faith would have impelled it to have spoken up and disclaimed the unauthorized act of its officer. In these and many other instances that might be mentioned, the unauthorized action of the cashier or other officer of the bank may become, in presumption and contemplation of law, the act of the bank itself. While it may be, and we think usually is, the ordinary practice for the cashiers of the general average of banks to do the leasing of any of its extra rooms or banking house, still as a matter of law we take it to be well settled, as indicated by the foregoing authority, that the selling or leasing of the bank property is outside of the ordinary business and duties of the cashier, unless he is specially authorized so to do.

* * * * *

It is clear to us that a majority of the directors, if not the whole board, were aware of the contract and its terms as it had been made by the cashier of the bank. All the subsequent acts of the board and each of its directors indicated approval rather than disapproval until the building was finally completed and the formal lease was drawn eighteen months after the original contract. These circumstances amount to a ratification of the original action of the cashier whatever his authority may have been in the first place.

LIABILITY OF COLLECTING BANK FOR DEFAULT OF CORRESPONDENT

Supreme Court of Louisiana, October 31, 1910.

MARTIN VS. HIBERNIA BANK & TRUST COMPANY.

A bank receiving a check for collection is liable, under the commercial law, to the depositor for any loss occasioned by the conduct of any sub-agent employed by it to assist in making the collection; but in such a case there is no privity of contract between the depositor and the sub-agent.

Article 3009 of the Civil Code has no

application to a case where the receiving bank has appointed no other bank as a substitute to act in its stead. A sub-agent employed by the agent is not a substitute in the sense of the Civil Code.

Where the receiving bank gave the depositor credit for the amount of a check, and, after indorsing the same in blank, forwarded the paper to another bank for collection and credit, which was duly given, and the second bank, after indorsing the check in blank, forwarded the same to its correspondent "for credit," which was given,

and the last bank forwarded the paper to the drawee bank for payment, but the check was not paid on account of the insolvency of said bank, and the depositor sued the third bank for damages for negligence in not sending the paper to another bank for presentment, *Held*, in the absence of notice that the receiving bank was merely acting as a collecting agent, that there was no privity between such bank and the defendant, and, consequently, no sub-agency, either expressed or implied, on which the action could be based.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

CERTIFICATE OF DEPOSIT

TELL CITY, IND., May 24, 1911.

Editor Bankers Magazine:

SIR: Enclosed herewith find a copy of the time certificate, also a copy of the demand certificate of deposit, issued by this bank.

Will you kindly inform us whether or not these papers are negotiable instruments. Also, if we were to pay a check against either of these certificates, without endorsing the payment on the certificate, could we refuse payment of the certificate to an innocent holder thereof? CASHIER.

[CERTIFICATE OF DEPOSIT.]

TELL CITY NATIONAL BANK.

No. 8000. \$100.

TELL CITY, IND., May 24, 1911.

John Smith has deposited in this bank One Hundred Dollars payable to the order of himself, six months after date, on the return of this Certificate properly endorsed, with interest at 3% per annum, if left six months.

No interest after maturity.

Not subject to check.

Cashier.

[DEMAND CERTIFICATE OF DEPOSIT.]

TELL CITY NATIONAL BANK.

No. 1940. \$100.

TELL CITY, IND., May 24th, 1911.

John Smith has deposited in this bank One Hundred Dollars payable to the order of himself, on the return of this Certificate properly endorsed.

Cashier.

Answer: Each of the certificates of deposit mentioned by our correspondent are negotiable instruments. (Miller vs.

Austen, 13 How [U. S.] 218; Drake vs. Markle, 21 Ind. 433; Pardee vs. Fish, 60 N. Y. 265.)

The bank is liable upon the same for the full amount thereof to any holder in due course, and as against his claims, payment of the amount upon the checks of the payee would not be a defense to the bank. Where the bank has issued such certificates, it can make payment safely only by insisting upon the production of the certificate and having the amount of the payment indorsed thereon.

STOPPING PAYMENT OF CHECK BY TELEPHONE

May 16, 1911.

Editor Bankers Magazine:

SIR: In your February number, article by J. H. Griffith, "Stop Payments," I observe that he states that "A verbal or 'phone stop payment entails no obligation on the part of the bank, except that it puts the teller on his guard, and of course he will not pay such check unless presented legally by a reputable person." I would be glad if you could give us a further opinion on this matter, as indeed most stop orders, with us at least, come over the telephone.

PRESIDENT.

Answer: The duty of the bank is fully discharged when it has complied with the direction of its depositor, and that direction is just as valid when given orally as when in writing. The only question is as to the nature of the evidence. The direction given orally may, of course, be misunderstood, or may be afterwards repudiated,

and hence there is some danger in acting upon it; and generally it is the safer course to require that all directions as to the payment of money, or as to stopping checks, should be given in writing.

LIABILITY ON DEFAULT OF CORRESPONDENT

LEESBURG, VA., May 29, 1911.

Editor Bankers Magazine:

SIR: On December 24, 1910, we sent our correspondent located in the city of A a letter containing a number of checks on that city and other points amounting to \$2,640.10, on the enclosed form. Among these checks were several checks drawn on a bank located at the town of B amounting to \$164.01. Our correspondent at A sent the checks on the bank at B to a bank located in the town of C for collection, which was received by the bank at C on December 27, and on this same day, December 27, the bank at C went into the hands of receivers. Our correspondent at A wrote us to this effect, saying that they had charged our account with the amount of these items, \$164.01, asking us to confirm their action in doing so. This we declined to do, and later had a letter from them saying that they had interviewed the receivers of the bank at C, who told them that their letter containing the checks in question had been rated as a preferred claim and insisting that we confirm their action in charging our account with these items. We still declined to do so. Will you please write us whether we are right or wrong, giving us your reasons?

CASHIER.

Answer: The liability of the bank at A would depend upon the obligation that it assumes with reference to the checks. In many cases, banks have an

arrangement with all their depositors and customers that in forwarding checks for collection they act only as agents, in which case they become liable for the exercise of proper care in the selection of sub-agents. If there was any such arrangement in the present case, and the bank at B was then in good standing, there would be no liability on the part of the bank at A. In the absence of such an arrangement, the liability would depend upon the general rule, which is different in the different States. Under the law in some States the obligation assumed by the bank at A was to make the collection, and it would be liable for the default of the bank at B to the same extent that it would be liable for the default of any of its employees. This is the rule of the Supreme Court of the United States, and in New York, Ohio, Michigan, Minnesota, Montana and some other States. On the other hand, it is held by other courts that where the employment of the correspondent or other agent is necessary, the bank is fully discharged if it exercises reasonable care in the selection of such correspondent or other agent, and that when the paper has been duly transmitted with the necessary instructions to a suitable agent, at the place where it is payable, the transmitting bank will not be liable for any neglect or default of such agent. This is the rule in Massachusetts, Connecticut, Illinois, Iowa, Wisconsin, Missouri, Tennessee and Nebraska. We do not find that this point has been decided in Virginia.

NO RECOVERY ON CHECK IN MISDIRECTED LETTER

WHEN a business man or firm has misdirected a letter containing a remittance check, and it is taken by the wrong party, who secures payment from a bank, through impersonating the party for whom the check was intended, the firm cannot recover the amount of the check from the bank which paid the money

to the wrong person. Neither can it recover from any bank which subsequently accepts the check and guarantees all preceding indorsements.

This is held in a decision of the Supreme Court in the case of *The S. Weisberger Company* against *The Barbeton Savings Bank Company*.

A BANK PRESIDENT AND A PICTURE PUZZLE

THE president of a Chicago bank was eating luncheon at the Plaza Hotel in New York. He was lonesome. Two ladies entered the dining room and, attracted by their handsomeness, he followed them with his eyes until they took seats at an adjoining table. When one of them turned so he could see her face, he arose from his table and hurried over; both ladies were his friends and one of them came from his home town.

The greetings were hardly over before one of them commenced: "Oh, Mr. Senjo, I am so glad to see a civilized man again. Why these New York bankers are just horrid. What do you think The Particular National Bank did to me? You see my sister bought some things for me and I wanted to repay her and wished to be sure that she received the money. I've always heard there was nothing better than a certified check. So I got a certified check and sent it to her. This morning she returned it saying I should destroy it as she wished to make me a present. Of course I tore it up and threw the pieces away.

A TEAPOT TEMPEST.

"I was in my machine and rode right down and told Mr. Yorker, president of the bank, and my dear man you should have seen the horror of his Imperial Majesty. 'You should not have done it,' he said, then commenced talking about a bond or some such dreadful thing before he could let me have my money. You would have thought I had committed a crime. That man asking a bond from me! Why he knows me, knows all about me. It made me furious and I walked out. Now what do you think of that? You would not have treated me that way, would you?"

The gentleman from Chicago acknowledged that he was afraid he would have been compelled to do the same as his friend from New York. He said:

"It is this way, if it had been your own check, you could have torn it up and then marked it off the stub of your check book. The bank would have had no interest in it.

YORKER VINDICATED.

"But when you got the check certified—I rather think you must have been given a cashier's check, which amounts to the same thing—it became the bank's obligation, which it had to account for, and ceased to be yours. Now as long as that check is missing the bank will have to keep funds to meet it; before it can give you the amount it will have to receive that check cancelled or account for it in some way.

"In fact with the check out, it has so much

of its obligations in circulation, for which the bank examiner will call it to account. It is for this reason the bank asks for a bond in double the amount of the check so that in paying the money it will be fully protected and so that it can convince the examiner of the situation. Mr. Yorker is right when he asks for either the check or a bond."

"Well I don't understand it at all. But one thing I know, never again a certified check for me."

"Is it impossible to find the pieces of the check?" he asked.

"I never even thought of looking for them I was so mad. Let me think. I opened my sister's letter in the automobile. Maybe I threw the pieces on the floor, I'll look."

She sent for her chauffeur, gave him instructions and in a short time he returned with what seemed a most complicated picture puzzle. Mr. Senjo started to place the tiny pieces together, but the lady stopped him.

THE PUNISHMENT FITS THE CRIME.

"No indeed," she said. "I'll not have you do that man's work. He wanted the check, I'll hand him the check and stay right there to see that he personally puts it all together. He showed he was suspicious of me; I'm now suspicious of him and I'll not take the chance of his calling me up to say something is missing. I'll make him work once in his life and I'll watch him."

"But Mr. Yorker was right," said Mr. Senjo. "You should take as much care of a cashier's check or a certified check as you would of a bank note. You would not tear up a bank note, would you?"

"I'll not be lectured by you," she replied. "Mr. Yorker is just a mean man, all men are mean. I'll make him work though, I'll hand him his old check and see that he is satisfied that he has every dotted-i of it, too."

The ladies were helped into their automobile and left for The Particular National Bank, where there is little doubt Mr. Yorker spent the rest of the afternoon showing his ability as a picture puzzle artist. Doubtless he found it the most difficult task of his experience, for one of the ladies undoubtedly commented on his ability, without restraint and the other must have been even more distracting with her gracefulness, beauty and charm.—"Service"—Published by the Mississippi Valley Trust Company of St. Louis.

INVESTMENTS

Conducted by Franklin Escher

REAL ESTATE FIRST MORTGAGE BONDS

By S. W. Straus, President S. W. Straus & Co., Chicago

EVERY once in so often, when Wall Street is caught in the maelstrom of a "furry," when stocks whirl downwards, and sound securities worth every cent of their face value are depressed below par, the thoughtful investor turns from the market page of his paper, and reflects: "Isn't there some investment that is not perpetually affected by market conditions, but always remains worth 100 cents on the dollar, no more and no less, no matter what the ticker is saying?"

There is such an investment, the oldest form of security known to man, which was the favorite and indeed the only form of safe investment for centuries—the real estate first mortgage. It is not only the oldest, but the most conservative form of investment, if we except such issues as government bonds, and, as centuries of experience have proved, it is among the safest.

For hundreds of years, the mortgage was the chief form of investment security, and its position as a favorite form of conservative investment it has never lost. Its only difficulty lay in a certain unwieldiness. If the mortgage was for \$11,500, it was \$11,500, no more and no less, and the man with \$10,000 to invest was unable to do so, while the man with \$15,000 was left with a surplusage which he was driven perforce to invest elsewhere.

THE "DEMOCRATIZATION" OF MORTGAGE INVESTMENT.

But a new form of security has arisen since the beginning of the twentieth century, the real estate first mortgage bond, which relieves the mortgage of its unwieldiness, and which is the greatest agency toward the democratization of mortgage investment, and of investment securities in general, that has yet been devised.

Here at last we have what is to my mind the perfect security. It unites the absolute safety, the high interest rate, and the freedom from fluctuation of the properly drawn first mortgage, with the convenience, the uniformity, the fixed denominations, the protection against counterfeiting and forgery, and the readiness in marketability of the bond in general. As such bonds are issued in denominations of \$100, \$500 and \$1,000, they accommodate the small investor just graduating out of the three-per-cent. savings bank class, and adjust themselves readily to whatever amount of money the investor has ready.

Since the real estate first mortgage bond was devised, it has progressed in popularity literally by leaps and bounds, and I have no doubt that in the next ten years it will become the most popular form of security in the United States. It is the only bond returning six per cent. interest which affords the same degree of safety as the highest class of railroad bonds bearing 3.75 or four, and this high interest rate, which banks and insurance companies eagerly seek out, will be the chief factor in gaining it popularity.

The essential principles of drawing up sound first mortgages are well known, but since the requirements of first mortgage bonds are different in detail, it may be well to outline them.

REQUIREMENTS.

Safety, of course, is the first consideration, and, just as in the case of mortgages, the total bond issue should in no case be more than fifty per cent. of the total security, so that there shall be at all times a margin of security of at least 100 per cent.

The property securing the loan must be located in the best districts, whether

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business or residential, of a large and growing city in which real estate conditions have become stable. The property must of necessity be modern, improved and income-producing, so that the interest on the bonds may be automatically met. Moreover, the annual rental income from the property, conservatively estimated, must be several times the amount of the largest annual interest payment, not only to make these interest payments certain, but also to provide a sinking fund to meet the bonds as they severally mature.

Such bonds, properly issued, must always be in serial form. Serial maturities are becoming more common in various classes of bonds, and municipalities have found this device helpful in issuing their securities. But in real estate first mortgage bonds, serial maturities are imperative. They are helpful at once to the borrower and to the investor. To the mortgagor, they afford a means of steadily reducing both the loan and the annual interest payment until the final maturity; and to the investor, they afford an increasing margin of safety, since the security is absolutely unimpaired and unreleased until the final bond matures. Moreover, should unexpected depreciation of the improvements take place from any external cause, the serial maturities, reducing the loan year by year, keep the margin of security at or above the same percentage. Powerful, indeed, must be that influence which could cause any depreciation of improvements sufficient to bring the margin of security below 100 per cent., when the serial payments are properly provided for.

Second mortgage bonds exist, but they form a security so hazardous, from obvious causes, that they are to be classed as a speculation rather than as an investment. The bonds not only should, but must be, absolutely a first lien on the property securing the loan, and the investment banker must obtain from a responsible title and trust company a policy of title guarantee, warranting the bonds to be a first lien, and settling title beyond all possible doubt. All prior claims, of course, such as

mechanics' liens and unpaid taxes, must be taken up, in order that absolutely no claim may intervene between the mortgage bonds and the property.

Another danger must be provided against. This is fire, which might destroy the security in a night. Fire insurance at least equaling the amount of the bonds must be carried, with a clause in the policy whereby first payment, in the event of fire loss, shall be made to the trustee, to the extent of the mortgage lien. The investment banker must see to the prompt payment of taxes, by maintaining a tax department.

Reasonable dictates of prudence indicate the proper life of the loan. In the case of apartment buildings, the life of the bonds usually extends from five to ten years. In the case of office, store, mercantile, or manufacturing buildings, the limit may be as much as twenty years.

Theoretically, of course, improvements on real estate commence to depreciate from the moment they are completed. In the case of apartment buildings, a favorite form of security for such bond issues, the depreciation will not become actual, however, for five years or more, and if the building is properly constructed and well located, may be negligible for a decade. In the other class of buildings above mentioned, there may be no depreciation whatever for a very long term of years, because the greater unearned increment their favorable situations give them offsets, or more than offsets, whatever deterioration of buildings there may be.

THE INVESTMENT BANKER'S OBLIGATION.

As in the case of all fiduciary institutions, the investment bank must have a care as to the borrower. In every case, the mortgagor must be a man of responsibility and business standing, thoroughly capable of protecting his investments, and of unquestionable integrity. Especially is this needful in the case of construction bond issues, such as are frequently made. The cap-

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ital realized by the sale of the bonds being used for construction, the investment banker must follow carefully the erection of the building, obtaining releases of claims by each contractor and sub-contractor as his portion of the work is completed and his claim satisfied.

When so safeguarded, the bond issue is as secure as human ingenuity can make any investment, irrespective of the size of the total issue. This total may be only \$25,000, as in the case of a relatively small apartment building, or it may be \$2,500,000. Behind the issue is a security of two dollars for every dollar the investor places in the bonds. This security is a definite, specific piece of property, earning an income every day of the year to meet the indebtedness on it, and the obligation is that of a man of financial responsibility. Be the bond issue small or large, the degree of safety is one that can be exceeded by no other class of investment.

Furthermore, this safety is maintained almost automatically. More than in any other class of securities the human factor is eliminated in this type of bonds. The production of an income to meet principal and interest is not dependent on the changes or fluctuations of trade. It is dependent on the fact that people must live and engage in business: in order to live, they must have habitations, and the

favorite form of habitation in Chicago and most other large cities is the apartment building; in order to engage in business, they must occupy space and pay rental in store and office buildings. A great city supplies tenants, no matter what financial and commercial conditions obtain, and the income is more certain, perhaps, than in any other classes of property securing bond issues.

THE RATE OF INTEREST.

In Chicago there is a sharp line of demarcation in interest rates. Four per cent. is the customary return on downtown property, where the fee is the security, and six per cent. in the case of leaseholds. Outside the downtown district, five and one-half and six per cent. obtain, and it is this latter fact that enables Chicago investment banking houses to put on the market six per cent. bonds which for thorough security cannot be exceeded anywhere. Somewhat similar conditions, it might be remarked in passing, exist in most of the other large cities in regard to rates.

Interest percentages always are higher in new communities and decrease in response to economic laws as the community grows older and larger, till they reach the level that rules in the oldest of financial fields. Twenty-five years ago, eight and even ten per cent. obtained in Chicago, and five and

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one-half and six per cent. has been the rule here only during the last decade. That the rate, in the not distant future, will decrease further is an economic certainty, and the investor of ten years hence may be unable to obtain six per cent. mortgage securities on first-class Chicago property.

In some other cities, a common form of real estate mortgage bond is a "pooled" issue, where the security is a group of properties. The object of this device evidently is to make bond issues of imposing dimensions, but the matter of ownership and obligation in these cases is frequently a complicated one. Experience would seem to warrant the belief that a definite, specific, single piece of property is a better security than a group of properties; and that a lien which is the direct obligation of a single borrower is to be preferred to one where a holding company, of whatever nature, intervenes between the bondholder and the security. Bond issues of large size, it is needless to remark, do not thereby gain in strength, safety or availability.

MARKETABILITY.

I have purposely withheld discussion of the marketability of the real estate first mortgage bond, because of the statement frequently made that these securities are not readily marketable. My own experience has been the opposite. In general, it may be said that mortgages and mortgage bonds are readily convertible in ordinary times, while in times of financial stringency

no security is generally, readily and instantly marketable. The panic of 1907 satisfied me that these bonds are as readily convertible as any, and it is a fact that this department of the investment market was the quickest to recover from the effects of the stringency.

Moreover, a conservatively managed and properly financed investment bank can make it a general custom to repurchase from its clients on demand all securities bought of it at par and accrued interest, less a small handling charge (in my own practice, one per cent.). This feature gives the investor in these securities marketability equal to that enjoyed by any class of bonds whatsoever. I found nothing even in the stringency of 1907 to interfere with this custom, and it adds greatly to the desirability of these securities from the investor's standpoint.

It is often said that an exchange should be provided for real estate bonds where they may be traded in, as are railroad and other securities on the stock exchanges. This would be a further aid to convertibility, but the real estate first mortgage bond owes much of its strength, in the opinion of many investors, to the fact that it is not regularly traded in, is not subject to quotations, and therefore does not fluctuate. In the highest sense, it must be said that all securities which are quoted and which fluctuate are speculative, and there is not an investor in listed bonds who does not scan the market quotations daily to find whether his securities have depreciated—whether he has

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the slightest intention of selling or not.

The properly safeguarded real estate first mortgage bond, under present conditions, therefore, is always at par, always worth 100 cents on the dollar, and does not and cannot fluctuate. Its advantages in saving the investor from worry and anxiety are obvious.

From this outline it can readily be seen that this type of security is appealing more and more strongly to the investor. When ox teams were the chief agency of transportation, people had to be educated to the point of buying railroad bonds. Real estate first mortgage bonds being a comparatively new form of security, investors must be educated in appreciating their merits, and this campaign of education is now actively going on. Never before were so many men saving money, and never before

were there so many new investors, just learning the lesson that they can get six per cent. through conservative bond buying, instead of the three, three and one-half or four per cent. their money returned them in the savings bank. A wholly new type of security buyers is being brought into the market. Capital for enterprises great and small is being furnished by a more and more widely increasing class of citizens, thus steadying conditions and making toward that "peopleization" of the nation's industries which is the ideal of economists; and in this dissemination of sound investments and gathering of recruits to the support of the sound institutions and industries of the country, the real estate first mortgage bond is playing a large and ever-augmenting part.

THE GREAT OPEN MARKET FOR BONDS*

By Franklin Escher

NO record of the over-the-counter business in bonds being kept, definite comparison of the volume of such business with that done on the Exchange is impossible, but to every one who has ever taken an active part in the business of selling bonds, it is plain that the volume of business done outside the Exchange greatly exceeds that done within its walls. On an average day during moderately active times the par value of bonds dealt in on the Stock Exchange will run about four million dollars. Over-the-counter dealings during such times run very much larger—probably two or three

times as large. In the first place, there is all the trading which takes place directly between bond-houses, and in the second place there is the direct marketing of bonds by bond-houses to their customers. For a large house to turn over a million dollars' worth of bonds during the course of a day's business is anything but an unusual occurrence. When it is considered that in New York City alone there are dozens of large houses and hundreds of small ones engaged in this business of distributing securities, it will be apparent that the total volume of business done outside the Exchange each day runs up into very big figures.

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THE EXCHANGE AND THE "OUTSIDE MARKET."

Now to get a clear idea of the bond market as a whole, it is necessary to realize that the "outside" and "inside" markets work together; that is to say, that the same bonds are being all the time traded in both on the Exchange and in the over-the-counter market. Certain bonds—the active speculative issues, such, for example, as the "convertibles"—have their market almost solely on the floor of the Stock Exchange, but then again there are a vast number of investment issues in which, while there is always some sort of a market on the Exchange, the major part of the trading takes place in the outside market. Bond-houses doing an active over-the-counter business, even though they may have no connection with the Stock Exchange, almost invariably have a "ticker," showing the course of the market on the Exchange. While the main market in the securities they are trading in may be directly between themselves and the other houses interested, it may be of the greatest importance for them to know exactly what is happening in the smaller market on the Exchange in that particular bond, so that they can make their bids and offers accordingly. And not infrequently do these bond-houses, because of the influence on sentiment attaching to a quotation on the Stock Exchange manipulate the market on the Exchange, and under cover of the manipulation inside, do a good deal of buying and selling in the "outside" market.

THE OPEN MARKET FOR BONDS.

The bond market of the Stock Exchange is publicly recorded and anybody can at any time find out exactly what it is in any particular security, but because of the fact that this "outside" or over-the-counter market is without organization and unconfined to any particular building, a good deal of misapprehension exists as to just what it consists of. The "open" market for bonds in New York City, as it is constituted, is in no sense an organization or combination of dealers or brokers, but consists simply of several hundred firms of brokers and bond-dealers grouped together in the same section and having great facilities for communication with each other. These houses vary in size and importance from the great international banking firm whose transactions are almost always in the hundreds of thousands and most of the time in the millions, to the small dealer who operates mostly on a brokerage basis, taking on small lots of bonds for his own account whenever he finds it possible. Located in and around Wall Street, these bond-houses, while there is absolutely no formal connection between them, constitute a market for bonds of far greater importance than that existing on the Stock Exchange.

Wonderful indeed are their facilities for communication, every large house being provided with a large number of telephones, many of which are direct into other houses. Aside from that, there is a large force of what is known as "street-brokers," who spend all their time going around from one house to the other trying to put through trades, and thus keeping the inside men ap-

prised exactly as to what is going on in every part of the market. The closeness of quotations is little short of remarkable. An offer of bonds made in one part of the "street" is known almost immediately throughout the entire district, at least among those houses interested in that particular class of bond. And not only that, but over the extensive wire system radiating out into other cities these bids and offers are quickly made known. Through the medium of this open bond-market in New York City, a first-rate bid for a block of bonds made by some savings bank up in New England is likely within ten minutes to be wired to every point in the United States where there is the least possibility of the bonds being for sale.

To the uninitiated, this great market, made up of all these hundreds of houses, may seem to be all one, but to the experienced bond man it is divided up into numbers of different groups, each making a specialty of some security or kind of security. Any bond-house will execute an order in any good bond, but the "quality" of the execution will depend very largely upon the qualification of that particular house to execute the order at first-hand. A transaction which goes through two or three houses is apt, on account of accumulated commissions, to be a pretty expensive piece of business for the customer. Ability to go straight to headquarters and to get the order executed without intermediaries means a great saving. The bond man, therefore, who knows "where things are"—that is to say, who knows where bonds are located—is in possession of information which to him and to the customers he

serves, is worth real money. An order comes in from the outside. If the broker who receives it is competent, and knows just where to go to execute it, or exactly to whom to turn it over, it may mean the execution of the order at a price several points better than if he has to pass it along to some one else who may again have to put it with a third party before it is executed. And for the houses thus engaged, the over-the-counter market affords plenty of opportunity. With the hundreds of firms which make it up and the thousands of different bond issues which they trade in, there is plenty of scope for the ability of the man who has learned by experience "where things are."

QUESTION OF COMMISSIONS.

This knowledge is worth money and the result is that competent brokers doing business in the outside market receive very fair commissions. On the Stock Exchange it is a simple enough matter to "get the market" in any particular bond and to execute an order; it is worth one-eighth per cent. commission and that is what the broker gets for handling the business. But in the outside market there is no particular point to which he can go to get his order executed. He has to know not only what houses are interested in that particular security but also their position at the time and the likelihood of their being willing to trade. Moreover, the execution of such an order takes a great deal more time than the execution of an order on the Stock Exchange. The dealer or broker in the outside market, therefore, is fully justified in charging a commission higher than one-eighth of one per cent. With these unlisted bonds, there is no fixed commission. Among brokers the regular rule is to charge a commission in accordance with the service rendered. The fact that the broker is the only one who can decide what is the value of the service rendered causes a good deal of abuse of this privilege, but, after all, among reputable bond-houses, charges are fairly made. The commission asked may

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in some cases seem pretty large to the customer, but the chances are, if he is dealing with a reputable house, that they have had considerable trouble in getting the order executed.

THE BOND DEALER AS A MERCHANT.

Included in this outside market there are a great many small firms which are brokers pure and simple and which do not deal on their own account, but from what has been said it must be evident that the bulk of the houses making up this market are *dealers*—that is to say, that they own bonds and merchandise them. A dealer is a dealer whether his total capital for carrying bonds is ten or twenty thousand dollars, or whether he happens to be one of the great houses whose supplies on hand not infrequently run up into the tens of millions. Both of them lay in a supply of something which they expect to be able to dispose of to their clients and customers at a price higher than they have paid.

It is not only during the past few years—that is to say, since the bond-houses have been advertising their business in a popular manner—that there has been any general realization of the extent to which bond-dealers are merchants, and specialists in various forms of bond-merchandise. In former days a man had his "banker," who attended to all his financial business, suggested his investments to him, and carried out their purchase and sale. But with the way in which security business has developed during recent years, there has come a change. The old-time banker is no longer competent to execute orders at first hand in the tremendous variety

of bonds which have been brought into existence. That needs a specialist. And so it has come about that the bond-houses have divided themselves up, more or less, into groups, this class of house making a specialty of this particular sort of security, and that group dealing in bonds of another kind. As things are arranged nowadays the wide-awake investor who wants to buy public-service corporation bonds would no more go to a bond-house making a specialty of savings-bank bonds, than he would go to a grocer to buy meat. Very probably if he left his order for meat with a grocer, the grocer could execute it and could get him what he wanted, but there would be an extra commission besides the disadvantage of indirect buying. So it is with the bond-market to-day. There are some "department-store" bond-houses, but the investor who is wise will see to it that his dealings are with those houses which make a specialty of the bonds in which he is interested.

THE INVESTMENT DEALER'S OBLIGATIONS TO HIS CLIENTS.

With the houses thus specializing, it has come about that the greatest care is taken with regard to the securities they offer their clients. The one idea of a bond-house is to build up a large clientèle of satisfied buyers, and this can be done in no better way than by satisfying its customers with what they buy. With a good many stock-exchange houses, the idea, unfortunately, is to keep commissions coming, regardless of the ultimate result. But with houses which make a specialty of distributing bonds, the consideration of greatest im-

portance is not to get customers but to keep them. The commission on these transactions is usually small. It requires a great many of them to make up a substantial profit.

The bond-house, being thus interested in the goodness of the security from its customer's standpoint as well as from its own, will naturally take the utmost care to see that only securities of the very best class pass over its counters. Before a reputable house will buy an issue of a bond, indeed, either direct from a corporation issuing them or from a syndicate, it will take the most minute precautions to see that the bonds are all right. Where the purchase by the distributing house is from another well-known house which has already made the necessary physical examination of the property, a second searching examination may not be necessary; but where the purchase of the bonds is direct, there is a most searching examination. The representatives of the bond-house will carefully go over the property, and an intimate study of its business will be made. The legal side of the proposed bond issue will be carefully gone into. Then only, if the issue measures up to requirements, will the bond-house consent to purchase these securities. To be good enough to distribute among its clients, the bonds have to be good enough for the house itself.

One bad issue is enough to deal a heavy blow to the prestige of a house in the business of distributing bonds. So careful are most of them in examining the issues which they propose offering to their clients, that most of the well-established houses can make it their boast that of the millions and millions of dollars' worth of securities they have sold their customers, not one dollar's worth has ever gone wrong.

METHODS OF MERCHANDISING.

Recent years have seen a very great change in the methods of distributing securities. Twenty years ago the salesman was an unknown quantity and popular advertising would have been regarded as undignified in the extreme.

Now, both these methods of distribution are very much used. All the prominent bond-houses have their sales forces, exactly as do the mercantile houses, and the territory covered will run up to six or eight States. By the very best and strongest houses, too, advertising in the popular magazines is now regarded as an absolutely legitimate and dignified proceeding. Not only that, but the bond-houses, during the past few years, have come to recognize the absolute need of education on financial subjects and are putting out very large amounts of literature descriptive of the elementary principles of bonds and bond trading. The salesmen, too, are exceedingly well instructed and are in a position not only to offer the bonds they have, but to make intelligent suggestions with regard to investment matters. All this has had the result of bringing the bond-dealers into closer touch with their clients than ever before.

Small accounts are welcomed, the very largest house treating the man who has a couple of thousand dollars to invest with as much consideration as the man whose prospective purchases will be ten times that much. Competition among the bond-houses is keen, and it is realized that the strength of a house depends not so much upon the financial strength of its clients, as upon their number, and, above all, as upon the degree to which they feel satisfied.

In over-the-counter dealings, it is plain, the customer has to place far more reliance upon the bond-house with which he is dealing than in the case of investment in bonds listed on the New York Stock Exchange. With regard to the latter, information is common property. Not only is there a published record of prices and the volume of transactions, but earnings statements are apt to be more fully given out than in the case of the individual companies whose securities are sold over the counter by the bond-houses. In the case of securities of this sort, indeed, the prospective buyer wants to be very sure, not only of the character of the house with which he is dealing, but also of its

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ability and competence to investigate fully the securities it is offering. More than one new house, wealthy because made up of rich men's sons, but without much experience or financial knowledge back of it, has made very serious

mistakes in the securities it has bought and offered its customers. It is not a bad rule to confine dealings to firms whose records show them to be competent to properly handle the kind of business in which they are engaged.

THE "COPPERS"**THE OUTLOOK FOR A RETURN OF ACTIVITY**

By W. F. Bartholomew, of Thompson, Towle & Co.

A PROMINENT factor in copper mining affairs recently stated to me, "This is a good time to buy copper shares, though possibly not to bull them." In other words, he meant to convey the meaning that copper stocks have been selling intrinsically low in price, and that it was time for the bargain hunter to begin to accumulate a line of copper shares, while the pressure of selling permitted such accumulation to the advantage of the buyer, although that possibly with the metal situation in such an unsettled condition, there was no immediate prospect of any great advance.

The recent decision by the Supreme Court, however, has changed the complexion of the copper situation very materially, and this has already been reflected not only in the market for the metal but marketwise for the stocks. The copper metal market has shown a declining tendency for sometime because business conditions in this country have been so unfavorable in the face of large copper production and consumers in this country have only purchased their immediate requirements. Producers have thus been forced to carry the surplus copper supplies, except so far as Europe has entered the market and from time to time bought heavily.

One of the best posted copper men in the United States tells me: "For twenty years there has never been a boom in copper except as a result of great prosperity in the United States, that is, European buying of copper has never been able to bring about a boom. At the end of 1903 Europe was a very heavy buyer of copper, and it was this buying that prevented the metal from going below eleven cents, but the boom in copper did not come until this country again came into an era of prosperity, and then it was American buying, helped by Chinese buying, that eventually carried the price up to twenty-six cents. Enrope is to-day a big buyer of copper, and this buying is again the only preventive of lower prices. A material advance in price will not take place until this country starts in buying copper upon a large scale, and I can look ahead to see the future course of copper prices following conditions in the past."

The position is well taken by some prominent copper interests in the trade that the producing interests are entirely too free in laying open to the inspection of the consumers the latest figures of production and consumption, as such action removes a certain degree of mystery from the trade, which is always more or less of an asset in selling goods.

PRODUCTION, ESTIMATED Of the Important Copper Mines of

COMPILED BY

Mine.	Controlling Parties.	1910. Production. Lbs.	(1) Cost per lb. Cents.	Par Value.
Amalgamated Copper	Standard Oil	165,000,000	..	\$100
Ahmeek	Calumet & Hecla	11,845,000	11	25
Anaconda Copper	Amalgamated	224,000,000	9½	25
Arizona Copper	Scotch Ints.	33,150,000	9½	5s
Boleo Copper	Rothschilds	26,200,000	6¾	100
Butte Coalition	Amalgamated	.....	..	15
Braden Copper	Guggenheims	.....	7½	5
British Columbia	Newman Erb	7,400,000	9	5
Calumet & Hecla	Agassiz-Shaw	71,500,000	8½	25
Calumet & Arizona	Calumet & Pitts. Int.	28,029,506	8 1-3	10
Cerro de Pasco	Haggin-Hearst-Morgan	34,700,000	8½	100
Chino Copper	Hayden, Stone	.....	8	5
Copper Range	W. A. Paine	32,700,000	8¾	100
East Butte	W. A. Paine	8,000,000	8	10
First National	Brevoort-Raborg	8,450,000	11	5
Giroux Con.	Cole-Ryan	.....	9	5
Granby Con.	American Metals Co.	20,000,000	10½	100
Greene Can.	Cole-Ryan	46,400,000	11	20
Inspiration	Gunn-Thompson	.....	9	10
Isle Royale	Calumet & Hecla	7,567,000	11 8-10	25
Lake Copper	W. A. Paine	.....	8	25
Mason Valley	Gunn-Thompson	.....	8	5
Miami Copper	General Dev. Co.	.....	9	5
Nevada Con.	Utah Copper Co.	65,500,000	6 9-10	5
North Butte	Cole-Ryan	25,267,092	10 1-3	15
Ohio Copper	F. Aug. Heinze	6,500,000	10½	10
Old Dominion	Phelps-Dodge	17,712,755	10½	25
Osceola	Calumet & Hecla	19,500,000	9½	25
Parrot	Amalgamated	.....	...	10
Phelps-Dodge	Phelps-Dodge	116,888,000	8¾	100
Quincy	.....	22,517,000	10½	25
Ray Con.	Aldrich-McNeill	.....	9	10
Shannon Copper	N. L. Amster	17,000,000	11½	10
Shattuck-Ariz.	Duluth Ints.	14,751,000	5 8-10	10
Sup. & Pitts.	Cole-Ryan	26,183,146	8¾	10
Tamarack	Calumet & Hecla	11,063,000	14 7-10	25
Tennessee Copper	Lewisohn Bros.	12,429,000	10 6-10	25
United Verde	W. A. Clark	38,600,000	...	10
Utah Copper	Guggenheims	122,000,000	7 8-10	10
Utah Cons.	Standard Oil	7,489,471	12	5
U. S. Smelting	Boston Ints.	25,000,000	...	50
Wolverine	Stanton	9,667,000	7½	25

EARNINGS, AND DIVIDENDS

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	11c.	12c.	13c.	14c.	15c.	16c.	—1907— High.	Low.	—1910— High.	Low.	
Amal. Cop...	\$1.99	\$3.04	\$4.06	\$5.12	\$6.22	\$7.28	121 $\frac{1}{8}$	41 $\frac{3}{4}$	90 $\frac{3}{4}$	55 $\frac{1}{8}$.50Q
Ahneek .....	...	2.36	4.72	7.08	9.44	11.80	120	45	225	140	..
Anacon. Cop.	.79	1.32	1.86	2.38	2.91	3.44	75 $\frac{1}{2}$	25 $\frac{1}{8}$	54	33 $\frac{1}{2}$	.50Q
Arizona Cop..	.17	.28	.39	.51	.62	.73	...	...	...	...	1s. 3d.SA
Butte Coal'n	.53	.81	1.06	1.34	1.61	1.88	39 $\frac{1}{8}$	10	28 $\frac{1}{2}$	15 $\frac{1}{8}$	.25Q
Braden Cop..	.59	.76	.92	1.09	1.26	1.43	...	...	5 $\frac{1}{2}$	3 $\frac{3}{8}$	
British Col...	.25	.37	.50	.62	.75	.87	14 $\frac{3}{4}$	3 $\frac{1}{4}$	87 $\frac{1}{8}$	4 $\frac{1}{2}$	.12 $\frac{1}{2}$ Q
Cal. & Hecla.	17.87	25.02	32.17	39.32	46.47	53.62	1000	535	686	500	6.00Q
Cal. & Ariz...	3.72	5.12	6.50	7.92	9.33	10.73	198	89	103	44 $\frac{3}{4}$	1.00Q
Cerro de Pas.	8.67	12.14	15.61	19.08	22.55	26.02	...	...	...	...
Chino Copper.	1.86	2.50	3.12	3.75	4.37	5.00	...	...	25 $\frac{1}{2}$	9 $\frac{5}{8}$	
Copper Range	1.91	2.76	3.61	4.47	5.32	6.17	105	44 $\frac{1}{4}$	85	58	1.00Q
East Butte ..	.80	1.06	1.33	1.60	1.86	2.13	18 $\frac{1}{8}$	4	14	6 $\frac{1}{4}$	
First Nat'l...	.14	.28	.42	.56	.70	.84	12 $\frac{1}{2}$	1 $\frac{1}{2}$	6 $\frac{3}{4}$	1 $\frac{1}{8}$	
Franklin ....	...	.36	.72	1.08	1.44	1.80	29 $\frac{1}{4}$	6	22 $\frac{1}{2}$	9	
Giroux Con...	.13	.20	.27	.33	.40	.46	10 $\frac{5}{8}$	2 $\frac{1}{4}$	12 $\frac{1}{2}$	6	
Granby Con..	.67	2.02	3.36	4.71	6.06	7.40	152	60	111 $\frac{1}{4}$	20	1.00
Greene Can...	...	.19	.37	.56	.75	.94	25 $\frac{1}{2}$	5 $\frac{1}{8}$	11 $\frac{1}{8}$	6 $\frac{3}{8}$	
Inspiration ..	.91	1.36	1.82	2.27	2.72	3.18	...	...	10 $\frac{5}{8}$	6 $\frac{3}{4}$	
Isle Royale...	...	.10	.61	1.11	1.61	2.12	36 $\frac{1}{2}$	11 $\frac{1}{2}$	28 $\frac{1}{2}$	13 $\frac{1}{2}$	
Lake Copper.	3.00	4.00	5.00	6.00	7.00	8.00	8	4	94 $\frac{1}{2}$	28 $\frac{1}{2}$	
Mason Valley.	1.43	1.89	2.36	2.83	3.30	3.78	...	...	11 $\frac{3}{8}$	6 $\frac{5}{8}$	
Miami Copper	1.07	1.60	2.14	2.67	3.20	3.74	...	...	28 $\frac{3}{4}$	16 $\frac{5}{8}$	
Nevada Con..	1.33	1.66	1.98	2.30	2.63	3.05	20 $\frac{3}{8}$	6	22 $\frac{3}{8}$	17 $\frac{1}{2}$	.37 $\frac{1}{2}$ Q
North Butte..	.41	1.03	1.64	2.27	2.88	3.50	120	30	50	18	.30Q
Ohio Copper..	.02	.07	.12	.17	.22	.26	...	...	6	1 $\frac{1}{4}$	
Old Dominion	.52	1.13	1.73	2.34	2.95	3.56	63	18	55	29 $\frac{1}{2}$	.25Q
Osceola	3.04	5.07	7.08	9.12	11.14	13.18	181	71	166	114	4.00SA
Parrot .....	.31	.52	.73	.93	1.14	1.35	35	8 $\frac{3}{4}$	21 $\frac{3}{4}$	11	.15
Phelps-Dodge.	7.14	9.74	12.34	14.94	17.54	20.13	...	...	250	...	2.50
Quincy	1.02	3.07	5.12	7.16	9.21	11.26	148	70	92	66	1.00Q
Ray Con.	1.18	1.77	2.36	2.95	3.54	4.13	...	...	27 $\frac{1}{2}$	15	
Shannon Cop.	...	.26	.77	1.28	1.80	2.30	24 $\frac{3}{8}$	7 $\frac{1}{8}$	18	8 $\frac{3}{4}$	.50
Shat.-Ariz....	2.18	2.60	3.02	3.44	3.86	4.28	...	...	...	...	1.00Q
Sup. & Pitts..	.39	.57	.74	.92	1.09	1.27	29	7	16 $\frac{1}{8}$	9	.86
Tamarack ...	...	...	...	...	.55	2.40	170	51	78	45 $\frac{1}{2}$	4.00
Tenn. Copper.	.25	.87	1.48	2.10	2.72	3.34	53 $\frac{1}{2}$	17	40 $\frac{5}{8}$	19 $\frac{3}{4}$	1.50
United Verde	...	...	...	...	...	...	...	...	...	... 75 per month	
Utah Copper.	2.42	3.08	3.93	4.70	5.45	6.20	39 $\frac{1}{2}$	13	60 $\frac{1}{4}$	39 $\frac{3}{8}$	.75Q
Utah Con. ...	...	...	.25	.50	.75	1.00	79	25 $\frac{1}{2}$	46	12 $\frac{1}{2}$	.50
U. S. Smelting	Com.	On a 4% dividend basis					70	24 $\frac{3}{4}$	55	30	.50Q
	Pfd.	On a 7% dividend basis					49	27 $\frac{3}{4}$	53 $\frac{1}{8}$	45 $\frac{3}{4}$.87 $\frac{1}{2}$
Wolverine ...	5.63	7.24	8.86	10.47	12.08	13.69	198	92 $\frac{1}{2}$	150	102	5.00SA



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PRODUCTION AND CONSUMPTION.

It is within the range of possibility that if production is allowed to come on the market unchecked, consumption may be unable to meet such influx of copper, and prices would naturally be affected, but here enters the question, if copper will be allowed to come on the market without concerted action as to its selling. Consumption, on the other hand, increases normally at the rate of about seven and one-half per cent. per annum, the figures showing that from 1880 to 1892, the dawn of the age of electricity, the world's consumption doubled, and from 1892 to 1904 it more than doubled again, and in the face of the production of copper almost doubling from 1897 to 1907, the price of the metal also doubled, and in 1907 the highest price for copper in thirty-four years was recorded.

The era of the electrification of 500,000 miles of railroads is just dawning, and good authorities predict for the steam locomotive the same fate that overtook the horse-car. Allowing, however, that the consumption of copper will increase only its normal seven and one-half per cent. yearly, 1911 should show a consumption of better than 1,700,000,000 pounds, while such figures would indicate a consumption in 1912 of \$1,850,000,000 pounds, which would be fully sufficient to fully care for the present productive ability of the mines if unrestricted and take care as well of the extensive new production bound to come on the market within the next few years from the newer

mines, the Miami, Ray Consolidated, Chino, Inspiration, Braden and Giroux, the former of which is even now entering the producing ranks.

We have doubled the output of copper in this country in the past eight years, and it is now being practically all consumed. If figures do not lie, consumption will double within the next decade, and possibly more than double with the advent of wholesale electrification of railroads, the first indications of which are now appearing on the horizon. The only preventive therefore of materially higher and sustained prices for the metal would appear to be the possibility of over-production, which possibility is evidently a little remote, when one looks at the matter from the standpoint of a few years hence.

THE LIMITED SUPPLY.

This possibility of over-production is remote indeed, when it is considered how few properties capable of producing any quantity of copper have been discovered within the past few years. The porphyries are not new. These deposits have been known to every mining man in the West for years, and the opinion is expressed that had not the large production of the porphyries come forward when it did, notably that of Utah Copper and Nevada Consolidated, the price of copper, the metal, would to-day be in the vicinity of twenty cents per pound, for the old vein mines would be unable to meet the present day consumption demands if the price was around twenty cents. Every

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outcrop in the country has been examined, and it is not known where one can look for new properties.

At the Lake we have one new property, the Lake Copper Co. There is nothing new in Butte. In Ely, the Giroux may develop into an important producer, but this is not new, while in the Yerington district we have the Mason Valley, which is good for 1,000,000 pounds of copper per month, including production from the treatment of custom ores. In Arizona, there is nothing new outside of the porphyries, while in California the days of copper production give evidence of being numbered. Now and then we get reports of old producers being on the down grade in many of the leading camps, mining getting so deep and costs consequently increasing, that production from such mines is bound to decline rather than increase.

Recent computations which have been made for private information show that the known copper reserves of the United States to-day only assure a fifteen-year life to the mines. This is rather a startling statement, but the actual copper ore proved up in the mines of the United States, Canada and Mexico does not assure a life to the mines of over fifteen years at the present rate of production.

THE NEED OF CONSERVATION.

From the above it would seem that if there is need of a policy of conservation of the national resources of this country one of the first steps should be in copper, for we are shipping at the present time 600,000,000 pounds of copper abroad annually, for which the

mines of this country are not receiving an adequate return; in fact, not a small part of the copper is to-day being produced at prices which make a profit on present metal prices impossible. To suppose, however, for a moment that the shrewd capitalists and financiers of this country, who have played such a part in bringing the United States to the fore in prosperity, will permit such a condition to maintain forever is folly.

COMBINATION.

The recent decision of the Supreme Court opens the way for the long anticipated and much needed combination of copper producing interests with adequate provision for the marketing of the metal, a combination which would foremost of all act as a preventive for the woeful destruction and extermination of our copper deposits. Such a restrictive policy will do much to stabilize the industry generally, and work not only for higher prices for the metal and an adequate return to the producing companies, but also bring an appreciation marketwise to the stocks of such companies, and permit them to pay legitimate dividends, and work for the greatest good of the greatest number.

Such a combination could not be frowned upon by the government as "unreasonable," nor could a future price for the metal of from fourteen cents as a minimum and sixteen cents as the maximum be looked upon as anything but fair and reasonable. When such a condition exists in the copper world, copper stocks will have attained a stock market valuation and be paying dividends far in excess of the present status of "Coppers."

THE PROTECTION OF THE NEW YORK STOCK EXCHANGE

By George D. Baker, of W. E. Hutton & Co.

IN our recent publication regarding investment in stocks and bonds in small amounts, reference was made to the facilities and protection of the New York Stock Exchange. The use of the word "protection," as applying to the individual customer, was used advisedly, with the thought in mind of the accumulated force of the system of rules and customs which many years of experience have resulted in building up in that the greatest of all of our financial institutions.

The New York Stock Exchange was organized in 1817 for the purpose, as stated in its constitution:

"Its object shall be to furnish exchange rooms and other facilities for the convenient transaction of their business by its members, as brokers; to maintain high standards of commercial honor and integrity among its members; and to promote and inculcate just and equitable principles of trade and business."

The rules then adopted for the guidance of its members have been subjected to such modifications from time to time as have been necessary to meet the conditions incident to the varying experiences arising from the numerous transactions between member and member and between members and their customers. The origin of the rules and customs of the New York Stock Exchange may doubtless be traced to the older exchanges of Europe, and the traditions of the business may be said to extend beyond those remote days before the business of dealing in securities was differentiated from that of dealing in merchandise, the records of the latter in England appearing as early as the middle of the sixteenth century.

VOLUME OF BUSINESS.

When one contemplates the volume of business handled in an average hour

on the Exchange, he will readily appreciate that there must be a complete understanding among the members in order that so large an amount of business may be properly transacted in so brief a period. In the year 1910, which was a year of unusual dullness, the total amount of stocks and bonds handled on the Exchange was \$17,030,954,100, which is equal to an average of approximately \$12,400,000 for each hour of business. When it is borne in mind that every transaction must be completed within twenty-four hours, and all differences, if any, between members must be settled within that time, the reader will be impressed with the fact that the members must be thoroughly conversant with the rules—and that the rules are strictly enforced.

That there is an important accumulated force of tradition and custom centered in the New York Stock Exchange is further evidenced by the value of its memberships. There is a value, which aside from an unimportant amount representing the right of members to participation in life insurance and tangible assets of the institution, is derived from the *privilege* which members have of doing business on the Exchange. The importance of the value of this privilege is indicated by the price of memberships which have sold recently as high as \$95,000.

The foremost text book on the laws relating to the Stock Exchange is that prepared by John R. Dos Passos. The following extracts are taken from that high authority:

"An Exchange erected in Cornhill, London, in 1571, used exclusively by dealers and brokers in merchandise, was destroyed by fire in 1666. It was not until years after, when it was rebuilt, that the brokers in funds and stocks were assigned a portion of the building for the transaction of their business."

"In May, 1877, a Commission was

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appointed in England by royal decree to inquire into the origin, object, present constitution, customs, usages and mode of transacting business on the London Stock Exchange, which, after careful study of the subject, recommended the incorporation of the Exchange by royal decree or by act of parliament for the purpose of strengthening its hands and increasing its efficiency and in order that additional consideration and reliance be bestowed upon its members, and it made the following suggestions:

“The main object of the Association appears to be the easy and expeditious transaction of business and the enforcement among themselves of fair dealing.”

“Our opinion is that in the main the existence of such an association and the coercive action of the rules which it enforces upon the transaction of business and upon the conduct of its members, have been salutary to the interests of the public.”

“We recognize a great public advantage in the fact that those who buy or sell for the public in a market of such enormous magnitude, in point of value, should be bound in their dealings by rules for the enforcement of fair dealing and the repression of fraud, capable of affording relief and exercising restraint far more prompt and often more satisfactory than any within the reach of the courts of law.”

“There is in the archives of the New York Stock Exchange a document bearing date of May 17th, 1792, signed by a number of brokers. There, however, appears to have been no organization in the City of New York until 1817. From that time, the New York Stock Exchange has gone on, steadily increasing in its members, power and influence, until to-day it can be safely affirmed to be the most powerful organization of

the kind in the world; and by forming a market where all kinds of securities can be promptly converted into cash, it has largely contributed to the development and wealth of the country by encouraging and sustaining our great railroad systems, which have brought all parts of the Republic into a closer relation to each other and firmly strengthen the Union and prosperity of the States.”

“The occupation of the stock brokers and the dealings on the Stock Exchange have been subjects of the profoundest concern, and of a public interest which increases every year. No matter how true it may formerly have been that the operations on the Stock Exchange were of interest merely to the professional speculator, to-day the dealings of these boardmen are of national and absorbing importance. Shares and bonds of commercial corporations now constitute permanent investments in all countries; and real estate, at one time the sole source of investment, has in this respect fallen into a secondary rank. The securities of railroad and other commercial companies not only offer attractive and regular returns to capital, but the shares may be carried about by their owners wherever they may go.

“The Stock Exchange fulfills another highly important mission in forming a barrier between the public and many enterprises and schemes which are constantly springing up in our midst, some of which are manifestly corrupt, and others visionary and extravagant, but all being calculated by alluring or deceitful representation to induce the public to invest in them. For the prevention of such schemes, each of the Stock Exchanges has established rules against the listing of securities without a previous rigid examination by committees appointed for the purpose, con-

sisting of well-trained and experienced brokers."

It may be seen from the foregoing that from the earliest times the motive of the rules governing the transactions on the Exchange, and the conduct of its members, has been the maintenance of high standards of commercial honor and integrity, and the result of "the coercive action of the rules has been salutary to the interest of the public."

THE COMPOSITE JUDGMENT OF THOUSANDS.

It is not, however, entirely in the inflexible enforcement of rules, nor in the established customs which have grown out of past experiences governing the dealings between members and their customers that the New York Stock Exchange protects its customers. The customs thus established are those which are adopted by all reputable houses, the personnel of which insist upon absolute integrity in their relations with their customers. *It is an inexorable law of trade which is the real protection to the customer.* It is the fact that the New York Stock Exchange is the one central point at which all lines of industry converge—the medium through which investors the world over are placed in touch with the facts concerning the state of the various lines of industry and the market conditions affecting the securities of industrial corporations. An individual by the exercise of ordinary business judgment may safely lend his money to another individual, taking a mortgage upon the property of the latter as security, but this act of investment is subject to the risk of mistaken judgment as to the value of the property mortgaged, and the ability of the borrower to pay at the time specified. This risk may be greatly reduced if the lender employ an expert to investigate all the conditions surrounding the loan, the counterpart of which is the act of investment incident to the purchasing of a bond from a banking house of recognized standing, which not only exercises expert judgment in determining

the desirability of the loan, but supports its judgment by investing its money in the loan in advance of offering it to its customers. This function of investment exercised by banking houses independently of each other may, to a large extent, safeguard the investment of the money of their customers, but it is in addition to those safeguards that the New York Stock Exchange *protects the investor*. It affords the publicity which is the real safeguard; it affords the medium through which the public can exercise its judgment as to the desirability of the security as scrutinized from many points of view, and it is the consensus of the opinion of many minds which establishes the value of the security—fixes the price. It is not necessary for an individual to rely upon his own judgment or even that of a banking house of acknowledged reputation in selecting an investment, if he buys securities listed on the New York Stock Exchange, because in addition to those safeguards he can secure the composite judgment of the thousands of individual investors who have considered the same subject thousands of times—business men in all kinds of industry—lawyers, heads of banks, trustees of institutions of all kinds who are well versed in the science of investments—all have placed the stamp of their approval by buying. The investor who purchases through the New York Stock Exchange is protected against his own mistaken judgment or that of his financial adviser—protected by the infallible public—the dictation of unerring public opinion.

The New York Journal of Commerce reported in a recent issue the number of holders of the stocks of several of our large corporations, the reports covering 146 companies, the stocks of which are in the hands of 865,774 stockholders. This number constitutes a vast army of citizens differentiated by a process of natural selection as a body of investors peculiarly fitted to select desirable investments, whose combined judgment is not likely to be in error. The list of companies shown

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herewith are among those above men-
 tioned with the number of their stock-
 holders.

KNOWLEDGE OF INVESTMENTS.

It is said that in France practically
 every man is a holder of securities. In

our entire population. For instance,
 those who are now interested in the
 Pennsylvania Railroad are about one to
 1,400 who are not. Among those con-
 stituting the large number who are not
 now interested, there must be scores
 who know that this company is one of

No. Stock-
 holders, 1910.

Atchison, Topeka & Santa Fé Railroad Company.....	28,123
Baltimore & Ohio Railroad Company.....	10,648
Canadian Pacific Railway Company.....	35,791
Chicago, Milwaukee & St. Paul Railroad Company.....	5,391
Chicago & North Western Railway Company.....	8,167
Great Northern Railway Company.....	16,626
New York Central and Hudson River Railroad Company.....	20,102
New York, New Haven & Hartford Railroad Company.....	16,311
Northern Pacific Railway Company.....	10,500
Pennsylvania Railroad Company.....	64,869
The Reading Company.....	4,569
Southern Pacific Company.....	12,615
Union Pacific Railroad Company.....	19,628
American Car & Foundry Company.....	9,912
American Sugar Refining Company.....	19,436
American Telephone & Telegraph Company.....	40,284
American Woolen Company.....	12,000
General Electric Company.....	9,581
Pullman Company.....	11,148
United States Steel Corporation.....	115,000
Western Union Telegraph Company.....	12,933

thousands of instances the amount held
 is the equivalent of only a few hun-
 dred dollars. By giving the problem
 of investments some study, those peo-
 ple are able to select for themselves
 suitable investments to employ their
 capital. Every man in this country
 should acquire sufficient information
 about securities to be able at any time
 he has an accumulation of money to
 purchase desirable securities which will
 yield a fair rate of interest, instead of
 allowing the money to lie idle (or par-
 tially so if in banks, drawing only a
 small rate).

While there is a large number of our
 people who are already informed as to
 investments, it will be seen that the
 number given above as at present stock-
 holders is very small in proportion to

the greatest corporations on earth, its
 property being the greatest railroad
 system in existence, comprising the
 arteries of trade between practically
 all of the great cities of our central
 States between the Atlantic and the
 Mississippi, giving regular employment
 to thousands of men and performing
 daily a function indispensable to our
 commercial system. Among the scores
 who are perfectly aware of these facts
 there must be a few dozen who realize
 the tangibleness of such property, the
 earning capacity of such a company,
 who believe that such an organization
 can continue to carry on its business
 and who would feel a just pride in be-
 ing one of the stockholders. The num-
 ber of holders of the stocks of our

prominent companies is increasing very rapidly (those quoted above gained eight and one-half per cent. last year). It will readily be seen that a gain of only one Pennsylvania stockholder from 1,400 who are not holders of that stock would double the stockholders' list of that company. The entry into the investment field of such a number of buyers would so enhance the market value of the stock as to make it unattractive to some on account of the rate of income. These would sell their stock and seek another issue less subject to the popular demand and yielding a higher rate of income. Such a movement has already begun. Large stockholders have distributed their holdings and smaller people have purchased them. A year ago the average number of shares in sixty-seven industrial corporations per stockholder was seventy-five; to-day it is seventy shares. Forty-nine railroads show average holdings per shareholder of 130 shares. Last year the average of the same roads was 134. There is an increasing number of men who are buying the good stocks. As the buyers increase, the prices will advance. Those who buy at low prices are sure of an opportunity to sell at high prices.

A READY MARKET.

Facilities are offered by local exchanges in several of our principal cities, and these to a limited extent afford the protection to investors provided by the New York Stock Exchange, but as the volume of business transacted in those exchanges is so insignificant in comparison, the service rendered is of less value to the investor. This applies with particular force as to one feature of an investment in securities—the negotiability—the facility with which the investment may be converted into cash. Because the New York Stock Exchange is the center of trading in the securities listed therein, there are many transactions every day in most of the active stocks and bonds (there are 150 or more issues of active stocks and as many of bonds), and it is

therefore possible for a holder of these securities to realize upon them any day. The stocks listed on the New York Stock Exchange are recognized by the banks in New York City and elsewhere as desirable security for loans. They are, therefore, available immediately as collateral, and a large proportion of the amount invested in them can be converted into *cash on demand*. This is not true of any other class of investments. Money deposited in banks is no more available than this, and moreover cannot be withdrawn on demand without loss of interest.

Owing to the protection afforded by the New York Stock Exchange the element of distance from market is eliminated. An investor a thousand miles away in places most remote can buy these securities as readily as the one who may be in a building adjoining the Stock Exchange. Complete information is published and may be submitted for the inspection of the investor in one place as well as in another. Each issue has been thoroughly examined by the Stock Exchange before it was listed. The prospective investor can obtain information regarding any detail upon which he may not be informed. He can obtain reliable information through banks as to the standing and responsibility of the house which seeks his business.

DIVIDING THE RISK.

The protection of the New York Stock Exchange is offered to investors in another and a most effective manner in making it possible for an individual to buy in small amounts securities of the highest grade—by dividing the total amount to be invested into small portions, each portion invested in a different security. He thus divides the risk or reduces the probability of any loss. The investor having \$1,000 to lend might well hesitate before risking his money in the hands of another individual borrower who may be the only one with whom he is directly in touch; he would, however, feel more secure if ten men each offered to borrow \$100.

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The chance of failure to pay would be divided by ten. If he now eliminates entirely the personal element (lending to a friend) and decides to lend to the impersonal borrowers, who are known to have abundant property to secure their loans, he can avail of the same principle of scattered investment by buying securities of several companies.

This diversification may be further extended by making partial payments for securities purchased. We will execute an order for one share (\$100) or more and accept payment in installments. One hundred dollars will pay the first installment of purchase of ten shares (\$1000), or \$1,000 will pay the first installment of 100 shares (\$10,000). The balance may be paid as desired. Thus a purchase of stocks may be made at a time when prices seem low and may be paid for later—the payments running over a period as arranged.

For those who wish to make a beginning of systematic saving, *there is:*

No better plan than through the purchase in installments of dividend-paying stocks and bonds.

No more convenient method than this, as remittances may be arranged in amounts and times to suit.

No plan of saving which affords the high rate of income and convertibility from investment to cash.

No loss of income; the money invested yields an income from the day of remittance.

No deduction from income for taxes or insurance of the property covered by the securities held.

No fee payable to a lawyer for examining titles.

No commissions to a real estate agent for placing the loan.

No one beside the broker who executes the order and the company whose securities are held who need know about the investment.

METHOD OF PURCHASE.

If desired, the investor can make payment for the securities purchased through a bank, the latter obtaining the securities upon payment of the money. Upon payment for stocks, the investor's name and address is given to the issuing company. The latter transfers a certificate in the name of the owner, and the dividends are thereafter payable by check, mailed by the company. (The certificate is forwarded to the owner or may be held in custody for him if desired.) Bonds are usually payable to the bearer, and the interest is collected by means of coupons attached, which are usually payable semi-annually and may be collected through the banks in the same manner as checks.

After satisfying himself as to an investment, all that it is necessary for the customer to do is to write or telegraph to the Exchange firm to purchase and arrange payment therefor. Payment may be made in any manner most convenient to the investor.

The commission paid for, execution of the order is a fixed percentage, and is the same in all transactions—the same one-eighth of one per cent., whether the transaction covers one share or 10,000 shares, except that there is a minimum charge of one dollar.

BUYERS OF BONDS

By Albert W. Hemphill, of Stone & Webster

IF all the money that has been diverted from the pockets of the American wage-earners by the get-rich-quick swindlers had been put into legitimate development propositions, there is no doubt that the permanent prosperity of this country would have been considerably enhanced. The move on the part of the government and public-spirited citizens to have laws enacted which will tend to decrease faithless operations of this nature is a splendid one. Yet it should be borne in mind that as long as there is a world there will be dishonest members of the community to sooner or later "fleece" those who may be too trusting or ignorant of general business.

There has always been this desire on the part of many of the innocent public to gain something for almost nothing, leading them to risk their small possessions in the hope of quickly multiplying them. This trait of human nature being realized, it is catered to, speculation is encouraged, unsound propositions are presented in their most glowing light and facts are withheld which make them impossible of success, such as defective titles, liens, etc., which cannot be seen without an expensive examination. Lacking first the means, second the knowledge of business principles requisite to determine the degree of risk, and third the necessary patience, he is advised, "If you don't come in quick other people will take it up and you will get left." This is an unfavorable combination of circumstances which has put many a man on the long list of victims.

The best advice that can be given wage-earners and others solely dependent upon their limited earnings is to place their savings in a Savings Bank until the amount reaches a thousand dollars. Then, if they feel inclined to invest their savings above that amount, they should get in touch with a concern with a reputation for worthiness, ability, and integrity, and state definitely whether or not they look first of all for

absolute safety of principal and return afterward, or for good return with the best safety possible, or for an out-and-out speculation.

THE BEST GRADE OF BONDS.

The first class of security which any concern of good standing would unhesitatingly recommend would be the highest grade investments, that is, the securities which by law are legal investments for savings banks, trustees of estates, etc. This class, as a rule, does not appeal to the man with a small amount of money, for the reason that practically all such securities come in denominations of one thousand dollars or more, and, also, that the return is only about three per cent. to four and one-half per cent. There are other bonds, however, just out of this class, which give a better yield. They are bonds of some of the smaller municipalities or first mortgage bonds which have not a long enough dividend record to make them legal. These bonds are splendid investments, in many cases are very readily salable, and have other attractive features.

A GRADE LOWER.

After this class of security comes any amount of corporation bonds,—both railroad, public-service, and industrial, etc., many of which are good but necessarily subject to discrimination. Many of them are readily salable, and as their yield is higher than on the strictly high-class securities mentioned at first, they are attractive to the small buyer. Moreover, they are more frequently issued in \$100 and \$500 lots, making it possible for the small investor to purchase. In purchasing bonds of this class, an investor should have some knowledge of business principles, unless, as above stated, he is in touch with a concern that he knows is reliable and will give him all the information he requires to reach a satisfactory conclusion.

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Buyers of the classes of securities mentioned above, as a rule, have a certain amount of money of which they are the beneficiaries or that represents their savings of a period extending probably over years. They wish to keep their principal intact, secure a higher return than by depositing it in a bank, and expend the income. They can rely on safety of principal and interest by determining the class of security through good, conservative bankers, who depend for their reputation upon the satisfaction which they give their clients.

BUSINESS MEN'S INVESTMENTS.

After this class of investors comes the man who is either salaried or in business for himself, who, by virtue of his frugal living, is able to save money from time to time. He may be in the prime of life and, feeling that his living is assured, desires to increase his principal, and secure as large a return as possible (which he may save in turn). Being wideawake and watching general business or the money market, or other features controlling the investment market, he depends upon his judgment as to when to sell the securities which he may buy to derive a profit; or if the market value of his security declines, he holds on until business conditions recover or some other causes increase the demand for securities and make for a consequent upward trend of prices.

It may be well here to say a word regarding the organization of corporations to do business. If it is a large proposition, a group of men who keep in touch with general business and are familiar with the economic conditions, laws of supply and demand, etc., learns that at a certain place the people would probably use a commodity if they had

it, as, for instance, electric lighting or gas. They then go into the matter of ascertaining, if a company were organized to do such a business, whether or not it would pay the people who put in the money for their time and work. They may figure that if they could build a plant which would cost a certain amount of money they would earn an amount over and above all expenses. In other words, they could figure to their own satisfaction that the proposition would or would not pay. If they can satisfy themselves that it will pay, they then prepare to enlist the capital. The company is then organized with a given amount of capitalization. There will probably be authorized bonds, preferred stock and common stock, the amount being based upon the estimated cost of construction of the plant. To start work on the proposition, each of the men who conceive the idea will then probably contribute a certain sum. They obtain a franchise, buy material, etc., and construct the plant. Men who foresee conditions and good propositions can always find use for money for new development schemes, consequently it is their desire to get their money out as soon as possible, in order to start another scheme that they may be contemplating. Having finished the construction of the plant, procured a manager, contracted business, etc., they will take the bonds to bankers in an endeavor to have them put on the market, either on a commission basis or for a fixed compensation. The bankers look into the proposition, and if they decide after investigation that the corporation will always be able to earn the interest charges on its bonds, pay the taxes, operating expenses, and enough to keep the property in good physical condition, beside a surplus, they may feel that they can sell the bonds to their customers as a good, safe security.

From the funds realized by the sale of the bonds, the promoters are now repaid the advances they originally made. They keep the stock as the profit, which if they calculated correctly in the first place will earn dividends at some time in the future. This means that if they hold their stock until some future time they will receive a regular annual return thereon. If they are not acting in good faith, however, they may circulate rosy reports, leading the public to believe that the proposition is a good one, and then, when there is a good demand for the stock, the promoters will "unload." If the bonds have been handled by some good house, it is more or less of a guarantee of the integrity and good intentions of the promoters. This scheme of "unloading" has been practiced time and again, and the man who has had little or no experience in financial matters should *never* put his money into a proposition when he is not sure of the people who are handling it.

SPECULATIVE INVESTMENTS.

After the class of investors who wish to take no risk with their money comes the class that is looking for good propositions where by waiting until they are fully developed the securities increase in value as the business increases, and by thus waiting gain a profit on their investment aside from the regular dividend or interest return. This is a good policy for a man who has a regular income from his own business or who is receiving a salary well in excess of his living expenses. The trouble often is that many men of this class who make money a few times get to think that they are good prognosticators, and can judge a proposition correctly; and if credit is available they will probably borrow, hypothecating the securities purchased in the hope of making enough to pay the loan and make a profit. This is always unsafe, no mat-

THE STOCK EXCHANGE AS THE INVESTMENT CENTER

By Edgar Van Deusen

CONSIDERING the high business acumen of the membership of the New York Stock Exchange, it seems probable that certain ideas clearly indicated in recent criticisms of its general attitude on the listing of corporate security issues are, in time, likely to be heeded. Unbiased and intelligent observers have recognized that a continuance of its past general listing policy will logically result in side-tracking more and more the Exchange as the center of investment transactions in securities, and will leave its functions more and more restricted as an organ simply of speculation.

That any such narrow policy is so important a matter should be suffered to continue, or that its great opportunity should remain neglected by the Exchange, seems unreasonable and improbable, especially in view of the steadily increasing trend each year to-

ward real investment, in distinction from speculation, as the correct and ultimately most profitable course for the average man.

RESPONSIBILITY.

The defense offered for what may be termed its exclusive attitude on listing by the Exchange is that it cannot stand sponsor for untried bond, note or stock issues, as it might come into censure for admission of so-called "securities" whose issuing companies might thereafter fail. That the Exchange has a quite general popular reputation to maintain as the judge and hall-marker—so to speak—of good securities is as true as that "listing" has heretofore never in fact been equivalent to a guarantee by the Exchange of the good character and excellence of the securities listed. Time and again purchasers

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FIRST NAT'L BANK BLDG., CINCINNATI, O.

of corporate shares and obligations listed upon the Exchange have suffered losses as heavy and disastrous as have been suffered by investors in unlisted corporate issues; so, the idea has been gaining foothold that, up to the present, the admission of a security to the Stock Exchange list by no means entitles the investor to rely with confidence upon a merit heretofore often assumed because of such "listing."

OPPORTUNITY.

Just here, however, lies the peculiar opportunity of the New York Stock Exchange to make itself, as it may and should be, the real center and guardian of genuine investment interests, which it—so far as "listing" is concerned—has so generally been supposed to be in the past. Furthermore, if the Exchange desires to maintain its relative position as the center of security transactions in the face of the present marked and continuing increase of "over-the-counter" trading, it will need to face the question of making itself an actual investment, rather than merely a speculative, organ.

This is the more true because the various investment houses, through which the large and growing "over-the-counter" business is done, do act or at least endeavor to act, in a greater or less degree and with more or less success, as the investment mentor of their clients. The continuance and increasing insistence upon this function is assured by the reinforcement of a dual selfishness, namely, both its practical value to the investor and also the private interest of the investment house itself;—in other words, it is "good business" for any investment house to assist and protect its clients. Unless the Exchange also can perform as positive

a service, it must lag behind in the investment business and gradually lapse into a mere speculative channel.

WHAT IS CALLED FOR.

For the Exchange to equip itself and undertake its best function and real justification for existence, viz.—as a protector and mentor of investment interests, is not at all impossible or impracticable. It calls for, *first*, a determination and adoption by the Exchange itself of a conservative investment standard of merit which securities must reach to entitle them to "listing"; and, *secondly*, the installment by the Exchange of an adequate examining and analytical department, in charge of a competent person, whose decision as to the investment merit of every offered security, judged with reference to the established standard, shall be conclusive and subject to reversal only on appeal to and a different finding of facts by the Securities, Stock List or other proper Committee of the Exchange.

True, the number of individuals qualified by natural instinct and training to correctly analyze the merits of a proposition is not large, since reliable analysts, like poets, must have the native gift—duly cultivated. That is, the necessary frame of mind and instinct for what may be termed the synthetic analysis required, are not common. Unfortunately, a great deal of so-called expert analysis of investment matters is merely a sort of quasi-technical rehash of the more or less superficially obvious. A condensed Income Account or Balance Sheet alone seldom reveals the true inwardness of any business enterprise.

Again, given an established and genuine analytical department analogous

to, though not necessarily identical with, such as would be maintained by a first-class private bond house, the Stock Exchange would be in a position to intelligently and safely list many most excellent security issues of the smaller but attractive business propositions in the United States. The large size of a business undertaking is no guarantee of its soundness; this country has many thoroughly good business projects, particularly those of a public or quasi-public nature commonly known as "public utilities," whose gross earnings may fall much short of half a million dollars a year, but which nevertheless are the bases of excellent investments. By the listing of such smaller issues as appeared, on impartial expert analysis by the Exchange's representative to be sound from the investment standpoint, such securities would be put in the way of a broader market—a desideratum advocated over a year ago by President Vanderlip of the City Bank for good public service corporation securities which have become a more and more sought-for investment. Past failure to recognize such securities has not only left the investing public unprotected from unscrupulous and incompetent stock and bond vendors, but has also prevented security buyers from picking up many choice investments; while, now that the intrinsic value and desirability of such issues have become better recognized, such neglect tends to turn investment business away from the Exchange into "over-the-counter" channels—a matter of pertinent interest to the Exchange in times, as recently, of dull security markets.

PERFECTING OF FUNCTION.

When the Exchange has rightly equipped itself and seriously undertaken the above suggested service to the investing public, it can and will become the purveyor of exact and up-to-date information on the current affairs of the corporations whose securities it has listed, and in consequence will be looked to by the general investing public in a friendly—rather than an antagonistic—spirit, as the most direct, prompt, impartial and reliable source of information concerning a broad and well protected field of listed investments. This widening and perfecting of function will obviously redound not only to an enlarged precedence and influence of the Exchange, but also to its increasing financial advantage.

The eighth annual report of J. G. White & Co. shows an increase in the surplus for the year from \$391,394.15 to \$485,529.04.

The other most important changes are a decrease in deferred charges and plant and tools and equipment, less depreciation, from \$331,160.45 to \$148,902.74, and an increase in securities owned and syndicate participations from \$1,765,816.19 to \$2,317,959.33. Changes in other items do not seem sufficiently large to deserve special comment.

Nearly all of the properties in which the company is interested have shown during the past year substantial and satisfactory increases in earnings, and some of them have also increased their rates of dividends; so that the income from securities owned is gradually and substantially increasing.

While in general there is not great activity in engineering and construction lines, the company has recently secured a considerable amount of new work, and has fair prospects of securing considerably more work of this sort in the near future.

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The Bankers Publishing Company
NEW YORK CHICAGO BOSTON

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to June 19, 1911.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhoades & Company, Bankers,
Dealers in Investment Securities, 45 Wall
St., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930.....	101½-101½	1.70
U. S. Gov., reg. 3s, 1918.....	101½-102	2.60
Panama Canal, reg. 2s, 1936.....	100½-100½	1.82
Dist. of Columbia 3-6ss.....	105-106½	3.12
Alabama 4s, July, 1956.....	104-104½	3.77
Panama 3s, 1961 (new issue).....	103-103½	2.85
Colorado 4s, '22 (op. '12).....	99-100	4.00
Connecticut 3½s, Apr., '30.....	99-102	3.35
Louisiana 4s, Jan., 1914.....	99-99½	4.08
Maryland 3½s, 1926.....	95-95½	3.90
Massachusetts 3½s, 1940.....	91½-93	3.90
New York State 3s, '59.....	102-102½	2.90
Tenn. New Settlement 3s, '13.....	97-98	4.10
Va. 6s. B. B. & Co. cfs., 1871.....	58-58½	...
Boston 3½s, 1929.....	92½-95	3.95
New York City 4½s, 1957.....	108½-109	4.07
New York City 4½s, 1917.....	102½-103½	4.00
New York City 4s, 1959.....	100-100½	3.99
New York City 4s, 1955.....	99½-99½	4.01
New York City 4½s, 1960.....	104½-104½	4.04
New York City 4½s, 1930-1960.....	102½-103	4.03
New York State Canal 4s, 1960.....	105½-106	3.78
New York City 3½s, 1954.....	89½-89½	4.01
New York City 3½s, 1930.....	91½-92½	4.06

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in In-
vestment Securities, 6 Broad st., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.).....	283	290
Allegheny & West'n (B. R. I. & P.).....	185	145
Atlanta & Charlotte A. L. (So.R.R.).....	175	...
Augusta & Savannah A. L. (Cen. of Ga.).....	105	109
Beech Creek (N. Y. Central).....	93	98
Boston & Lowell (B. & M.).....	214	218
Bleeker St. & F. Ry. Co. (Met. St. Ry. Co.).....	17	25
Boston & Albany (N. Y. Cen.).....	220	224
Boston & Providence (Old Colony).....	294	...
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.).....	124	140
Brooklyn City R. R. (BK. H. R. R. Co.).....	165	170
Camden & Burlington Co. (Penn. R. R.).....	135	140
Catawissa R. R. (Phila. & Read.).....	109	...
Cayuga & Susquehanna (D.L.&W.).....	210	220
Cent. Pk. N.&E. R.R. (Met. St. Ry.).....	10	20
Christopher & 10th St. R. R. Co. (M. S. R.).....	100	120
Cleveland & Pittsburg (Pa. R. R.).....	166	169
Cleveland & Pittsburg Betterment.....	96	100
Columbus & Xenia (Pa. R. R.).....	203	...
Commercial Union (Com'l C. Co.).....	100	110
Commercial Union of Me. (Com. C. Co.).....	100	...
Concord & Montreal (B. & M.).....	155	165
Concord & Portsmouth (B. & M.).....	170	...
Conn. & Passumpsic (B. & L.).....	139	...
Conn. River (B. & M.).....	268	...
Dayton & Mich. pfd. (C. H. & D.).....	185	195
Delaware & Bound B. (Phila. & R.).....	190	198
Detroit, Hillsdale & S. W. (L. S. & M. S.).....	95	100
East Pa. (Phila. & Reading).....	128	138
Elgin Av. St. R. R. (M. S. R. C.).....	260	290
Elmira & Williamsport pfd. (Nor. Cen.).....	142	152
Erie & Kalamazoo (J. S. & S.).....	200	230
Erie & Pittsburg (Penn. R. R.).....	135	145
Ft. Wayne & Jackson pfd. (L. S. & M. S.).....	130	135
Franklin Tel. Co. (West Union).....	35	45
Forty-second St. & G. St. R. R. (Met. St. Ry.).....	200	230
Georgia R. R. & Bk. Co. (L. & N.).....	260	270
& A. C. L.).....	260	270
Gold & Stock Tel. Co. (W. U.).....	110	118

	Bid.	Asked.
Grand River Valley (Mich. Cent.).....	118	125
Hereford Railway (Maine Central).....	85	92
Inter Ocean Telegraph (W. U.).....	98	...
Illinois Cen. Leased Lines (Ill. Cen.).....	94	97
Jackson, Lans. & Saginaw (M. C.).....	83	88
Joliet & Chicago (Chic. & Al.).....	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.).....	138	150
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.).....	76	78
K. C. St. L. & C. pfd. (Chic. & Al.).....	120	140
Lake Shore Special (Mich. S. & N. Ind.).....	320	340
Little Miami (Penn. R. R.).....	209	...
Little Schuylkill Nav. & Coal (Phil. & R.).....	112	120
Louisiana & Mo. Riv. (Chic. & Atl.).....	160	170
Mine Hill & Schuylkill Hav. (F. & R.).....	...	124
Mobile & Birmingham pfd. 4% (So. Ry.).....	66	78
Mobile & Ohio (So. Ry.).....	78	85
Morris Can. pfd. (Lehigh Valley).....	170	...
Morris & Essex (Del. Lack. & W.).....	173	180
Nashville & Decatur (L. & N.).....	180	190
N. H. & Northampton (N. Y., N. H. & H.).....	100	...
N. J. Transportation Co. (Pa.R.R.).....	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.).....	110	115
N. Y. & Harlem (N. Y. Central).....	285	300
N. Y. L. & Western (D. L. & W.).....	118	125
Ninth Av. R.R. Co. (M. St. Ry. Co.).....	140	190
North Carolina R. R. (So. Ry.).....	150	160
North Pennsylvania (Phila. & R.).....	193	...
North R. R. of N. J. (Erie R. R.).....	85	95
Northwestern Telegraph (W. U.).....	111	115
Nor. & Wor. pfd. (N.Y.N.H.&H.).....	208	...
Ogden Min. R.R. (Cen.R.R.of N.J.).....	95	105
Old Colony (N. Y., N. H. & H.).....	186	...
Oswego & Syracuse (D. L. & W.).....	210	220
Pacific & Atlantic Tel. (W. U.).....	60	70
Peoria & Bureau Val. (C.R.I.&P.).....	175	185
Philadelphia & Trenton (Pa.R.R.).....	248	...
Pitta. B. & L. (P. L. E. & C. Co.).....	68	72
Pitta. Ft. Wayne & Chic. (Pa. R. R.).....	165	169
Pitta. Ft. Wayne & Chic. special (Pa. R. R.).....	155	165
Pitta. & North Adams (B. & A.).....	127	134
Pitta., McW'port & Y. (P. & L. E. M. S.).....	117	125
Providence & Worcester (N. Y., N. H. & H.).....	270	...
Rensselaer & Saratoga (D. & H.).....	185	193
Rome, Watertown & O. (N.Y.Cen.).....	120	122
Saratoga & Schenectady (D. & H.).....	160	...
Second Av. St. R. R. (M. S. R. Co.).....	10	16
Southern Atlantic Tel. (W. U.).....	80	100
Sixth Av. R. R. (Met. S. R. Co.).....	120	130
Southwestern R. R. (Cent. of Ga.).....	105	115
Troy & Greenbush (N. Y. Cent.).....	165	170
Twenty-third St. R. R. (M. S. R.).....	200	250
Upper Coos (Maine Central).....	123	...
Utica & Black River (Rome, W. & O.).....	165	170
Utica, Chen. & Susq. (D. L. & W.).....	144	147
United N. J. & Canal Co. (Pa.R.R.).....	242	244
Valley of New York (D. L. & W.).....	117	123
Ware R. R. (Boston & Albany).....	160	...
Warren R. R. (D., L. & W.).....	165	170

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Clg. 4s, "A" Mar. 15, '11.	98½ - 99¼	4.92
Am. Clg. 4s, "B" Mar. 15, '12.	97½ - 98¼	5.10
Am. Locomotive 5s, Oct., '10.	99¼ - 100¼	4.25
Bethlehem Steel 6s, Nov., '14.	100¼ - 101	5.60
"Big Four" 5s, June, '11.	100 - 100¼	4.35
B. R. & P. Equip. 4½s.	99 - 100¼	...
Chic. & Alton 5s, Mar. 15, '13.	98½ - 99¼	5.25
C. H. & D. 4s, July, '13.	98½ - 97½	5.05
Diamond Match 5s, July, '12.	98 - 100	5.00
Hudson Co. 6s, Oct., '11.	98 - 100	8.00
Interboro 6s, May, '11.	101¼ - 101½	2.92
K. C. R. & L. 6s, Sept., '12.	98 - 99	6.50
Maine Central 4s, Dec., '14.	98 - 100	4.25
Minn. & St. Louis 5s, Feb., '11.	98¼ - 99¼	5.58
New OrL. Term. 5s, Apr., '11.	99¼ - 100	2.45
N. Y. C. Equip. 5s, Nov., '10.	100 - 101¼	4.15
N. Y. C. Equip. 5s, Nov., '14.	102¼ - 103¼	4.15
N. Y. C. Equip. 5s, Nov., '16.	103¼ - 104¼	4.15
N. Y. C. Equip. 5s, Nov., '19.	104¼ - 106¼	4.15
N.Y., N.H. & H. 5s, Jan., '11.	100 - 100¼	3.70
N.Y., N.H. & H. 5s, Jan., '12.	100¼ - 101	3.93
No. American 5s, May, '12.	99 - 100	5.00
St. L. & S. F. 4½s, Feb., '12.	98¼ - 98	5.40
Southern Ry. 5s, Feb., 1913.	98 - 98¼	5.45
Tidewater 6s, June, '13.	100¼ - 101¼	5.35
Westinghouse 6s, Aug., '10.	99¼ - 100¼	4.25
Wood Worsted 4½s, Mar., '11.	99½ - ...	4.50
Western Tel. 5s, Feb., '12.	99 - 99¼	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	60	80
Arkansas, Oklahoma & Western	10	10
Atlanta & West Point	132	140
Atlantic Coast Line of Conn.	230	250
Buffalo & Susquehanna, pref.	10	12
Central New England	10	15
Central New England, pref.	20	27
Chicago, Burlington & Quincy	210	225
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref.	60	80
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	140	...
Cincin., N. O. & Tex. Pac., pref.	105	...
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref.	92	95
Delaware	42	46
Des Moines & Ft. Dodge, pref.	35	45

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

New York City.		Bid.	Asked.
Bleecker St & Ful Fy	1950	J&J	55 63
1st 4s	1924	J&J	102 1/2 103 1/2
Bway Surf Ry 1st 5s	1924	J&J	125 135
Bway & 7th Av stock	1943	J&J	101 103
Bway & 7th Av Con 5s	1943	J&N	100 102
Bway & 7th Av 2d 5s	1914	J&N	100 102
Col & 9th Av 1st 5s	1993	M&S	99 1/2 100 1/2
Christopher & 10th St.	1943	QJ	100 102
Dry Dk E B & Bat 5s	1932	J&D	98 100
Dry Dock E B & Bat	1914	F&A	30 40
Cits 5s	1922	M&S	96 100
Lex Av & Pav Fy 5s	1922	M&S	96 100
Second Av Ry stock	1948	F&A	50 56
Second Av Ry Cons 5s	1948	F&A	50 56
Sixth Av Ry stock	1919	J&D	58 70
South Ferry Ry 1st 5s	1919	J&D	58 70
Union Ry 1st 5s	1942	F&A	100 102
Westchester El Ry 5s	1943	J&J	65 75
Yonkers Ry 1st 5s	1946	A&O	75 85
New Amst Gas Cons 5s	1927	J&J	101 1/4 102 1/4
Central Union Gas 5s	1927	M&S	103 1/2 104
Equitable Gas Light 5s	1930	J&J	103 1/2 104
N Y & E R Gas 1st 5s	1944	J&J	104 105 1/2
N Y & E R Gas Con 5s	1944	J&J	99 101
Northern Union Gas 5s	1927	M&N	103 106
Standard Gas Light 5s	1930	M&N	103 106
Westchester Light 5s	1950	J&D	100 1/4 103
Brooklyn Ferry Gen 5s	1943	...	15 24
Hoboken Fy 1st mtg 5s	1946	M&N	103 107
NY & Bkn Fy 1st mt 6s	1911	J&J	90 96
NY & Hobok Fy Gen 5s	1946	J&D	96 99
NY & East River Fy	1946	QM	20 28

	Bid.	Asked.
10th & 23d St Ferry	...	A&O 30 40
10th & 23d St Fy 1st 5s	1919	J&D 58 70
Union Ferry	...	QJ 27 30
Union Ferry 1st 5s	1920	M&N 96 100

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Investment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17.	4¼	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¼	4½
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13.	4¼	4½
Ches. & Ohio 4%, Oct., '16.	5	4½
Chic. & Alton 4%, June, '16.	5½	5
Chic. & Alton 4½%, Nov., '18.	5½	5
Chic. R. I. & Pac. 4½%, Feb., '17	5½	4½
Del. & Hud. 4½%, July, '22.	4¼	4½
Erle 4%, Dec., '11.	5	5½
Erle 4%, June, '13.	5½	4½
Erle 4%, Dec., '14.	5	4½
Erle 4%, Dec., '19.	5	4½
Erle 4%, June, '16.	5	4½
N. Y. Cent. 5%, Nov., '11.	4¼	4½
N. Y. Cent. 5%, Nov., '13.	4¼	4½
No. West. 4%, Mar., '17.	4¼	4½
Pennsylvania 4%, Nov., '14.	4½	4½
So. Ry. 4½%, Series E, June, '14.	5½	4½

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real Estate Securities, 42 Broadway, New York.

Realty Bonds.

Bonds are all traded in (and accrued interest).

	Bid.	Asked.
American Real Estate Co., Gold 6%	89	95
Broadway Realty Co., 1st Mtg. 5%	101	103
Broadway Realty Co., 2d Mtg. 5%	...	80
Estates of Long Beach, 6%	78	85
Greeley Square Realty Co., 5%	...	85
Hotel Rector, 2d Mtg., 6%, 1919.	...	85
Improved Property Holding Co. of N. Y., 6%, Series A.	102	105
Improved Property Holding Co. of N. Y., 6%, Series B.	96	100
Mortgage Bond Co., 20 yr. 4%	85	89
Monaton Realty & Inv. Corp., 6%	85	95
N. Y. R. E. Sec. Co., Gold Mtg. 6%	88	95
N. Y. Realty Owners, Guar. 6%	88	95
N. Y. Realty Realty Co., Gold 6%	89¼	93
Queensboro Corp., Part. 5%	95	100
U. S. Realty & Imp. Conv. Deb. 5%	90¼	91¼

Realty Stocks.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com. 5%	...	200	...
Ackerson, T. B. Co. pfd. 8%	...	99	100
Alliance Realty Co., 8% Q. Apr.	118	123	...
Bond & Mtg. Guar. Co. 12% Q. Feb.	246	252	...
City Investing Co.	...	60	65
City & Sub. Homes Co. 4% Jne. & D.	8	9	...
Lawyers Mortgage Co. 12% Q. Jan.	265	270	...
Lawyers T. I. & T. Co. 12% Q. Jan.	245	250	...
Monaton Realty & Inv. Corp. pfd.	10%	95	110
N. Y. Mtg. & Sec. Co. 12% Q. Jan.	200	217	...
N. Y. R. E. Sec. Co.	...	...	...
Conv., 1st pfd.	7%	98	100
Realty Associates	6% J. & J.	108	114
Second United Cities	...	...	...
R'ty Co., Ser. A, pfd. 5%	...	75	...
Title Guar. & Trust Co. 20% Q. May	480	490	...

* 6% extra dividend 1910.

COAL BONDS.

Quoted by Frederick H. Hatch & Co., Dealers in Investment Securities, 30 Broad St., New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	83	87
Chabab Coal Min. Co. 1st 5s, 1922.	105	...
Clearfield Bitum. Coal 1st 4s, 1940.	...	85
Consolidated Indian Coal 1st Sink.	...	...
Ing Fund 5s, 1935	79	84
Continental Coal 1st 5s, 1952.	92	100

	Bid.	Asked.
Fairmount Coal 1st 5s, 1931.....	94	97
Kanawha & Hocking Coal & Coke		
1st Sinking Funds 5s, 1951.....	99	101
Monongahela River Con. Coal &		
Coke 1st 6s, 1949	109	113
New Mexico Railway & Coal 1st &		
Coll. Tr. 5s, 1947	95	100

ACTIVE BONDS.

Quoted by Swartwout & Appenzeller, Bankers,
Members New York Stock Exchange, 44 Pine
St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101½	102
Amer. Steel Foundries 4s, 1923.....	68	69
Amer. Steel Foundries 6s, 1935.....	102½	104½
Balt. & Ohio, Southwest. Div. 4½s.....	91	91½
Bethlehem Steel 3s	95½	96
Chi., Burlington & Quincy Gen. 4s.....	96	96½
Chi., Burl. & Quincy Ill. Div. 4s.....	99½	99¾
Chi., Burl. & Quincy Ill. Div. 3½s.....	87½	88
Chn., Hamilton & Dayton 4s.....	99	99¾
Denver & Rio Grande Refng 5s.....	90¾	91½
Louis. & Nashville unified 4s.....	98¾	98¾
Mason City & Ft. Dodge 4s.....	83¾	84¾

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and
Dealers in Miscellaneous Securities, 33 Wall
St., New York.

	Bid.	Asked.
Adams Express	241	247
American Brass	123	126
American Chicle com.	260	...
American Chicle pfd.	105	110
American Coal Products	96	98½
American Express	236	238
American Gas & Electric com.	54	56
American Gas & Electric pfd.	42	44
Babcock & Wilcox	101	104
Bordens Condensed Milk com.	124	126½
Bordens Condensed Milk pfd.	108	110
Bush Terminal	98½	101½
Childs Restaurant Co. com.	171	...
Childs Restaurant Co. pfd.	114	117
Del., Lack. & Western Coal	310	320
E. W. Bliss com.	110	120
E. W. Bliss pfd.	122	130
General Motors com.	41	42½
General Motors pfd.	82	84
Gray National Telergraph	7	9
Hudson & Manhattan com.	18	20
International Nickel com.	230	245
International Nickel pfd.	99½	102½
International Silver pfd.	114*	118*
Kings Co. E. L. & P.	124	127
Otis Elevator com.	72	75
Otis Elevator pfd.	103	105
Pacific Gas & Electric com.	64	66
Pacific Gas & Electric pfd.	88	90
Phelps, Dodge & Co.	205*	215*
Pope Mfg. com.	54	59
Pope Mfg. pfd.	75	80
Producers Oil	90	105
Royal Baking Powder com.	188*	196*

	Bid.	Asked.
Royal Baking Powder pfd.	106½	*108*
Safety Car Heating & Lighting	120	123
Sen Sen Chiclet	138	142
Singer Manufacturing	280	290
Standard Coupler com.	43	48
Texas & Pacific Coal	96	102
Tri-City Ry. & Light com.	33	35
Tri-City Ry. & Light pfd.	82	95
U. S. Express	97	98½
U. S. Motors com.	36	38
U. S. Motors pfd.	77	79
Union Typewriter com.	40	43
Virginian Railway	22	28
Wells Fargo Express	171	173
Western Pacific	15	19
Western Power com.	34	36
Western Power pfd.	58	61
Worthington Pump pfd.	106	...

* Ex-dividend.

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers,
Members of the New York Stock Exchange,
24 Broad St., New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com.	33	37
Bonds, 6%, due 1932 (Int.) .....	...	...
Guanajuato Power & Electric Co.		
stk. div.	73	...
Arizona Power Co. bonds, 6%, due		
1933	85	93
Arizona Power Co. pref.	56	...
Arizona Power Co. com.	20	24
Great Western Power Co. bonds,		
5%, due 1946	87¼	88
Mobile Elec. Co. bds., 5%, due 1946	88½	90
Mobile Electric Co., pref., 7%	84	90
Mobile Electric Co., com.	25	...
Amer. Power & Lt. Co., pref., 6%	83½	85½
Amer. Power & Lt. Co., com.	74	77

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall
St., New York.

	Bid.	Asked.
German Govt. 3½s	93¼	94¼
German Govt. 3s	83½	84½
Prussian Consols 4s	102	103
Bavarian Govt. 4s	101	102
Saxony Govt. 3s	82½	83½
Hamburg Govt. 3s	82¼	83
City of Berlin 4s	100¼	101¼
City of Cologne 4s	99¼	100¼
City of Augsburg 4s	99¼	100¼
City of Munich 4s	99¼	100¼
City of Frankfurt 3½s	92	93
City of Vienna 4s	95¼	96¼
Mexican Govt. 5s	98¼	99¼
Russian Govt. 4s	91¼	92¼
French Rente 3s	95¼	96¼
British Consols 2½s	79½	80½

A TRIBUTE TO CHICAGO BANKING AND MR. W. T. FENTON

THE progressive comptroller of the currency, Mr. Murray, is endeavoring to establish in all reserve cities the "Chicago system" of self-examination by the banks under the authority and rules of the respective clearing houses.

St. Louis was the first of the other central reserve cities to recognize the value of the system and to follow the example of Chicago. New York has been rather slow in adding itself to the roll of honor, but it has just done so. Of the reserve cities several have adopted the plan in the interest of safe and sound banking, and the comptroller is urging the rest to do likewise.

The Chicago idea of co-operating with, re-enforcing and anticipating government examination no longer needs theoretical advocacy. That banks should be above suspicion, and that the position and methods of each are the concern of all associated in clearing houses, must be regarded as axiomatic.

To Mr. William T. Fenton, vice-president of the National Bank of the Republic of Chicago, is due the credit of suggesting a clearing-house examiner to supplement the work of the national and state examinations of banks.—Chicago Record-Herald.

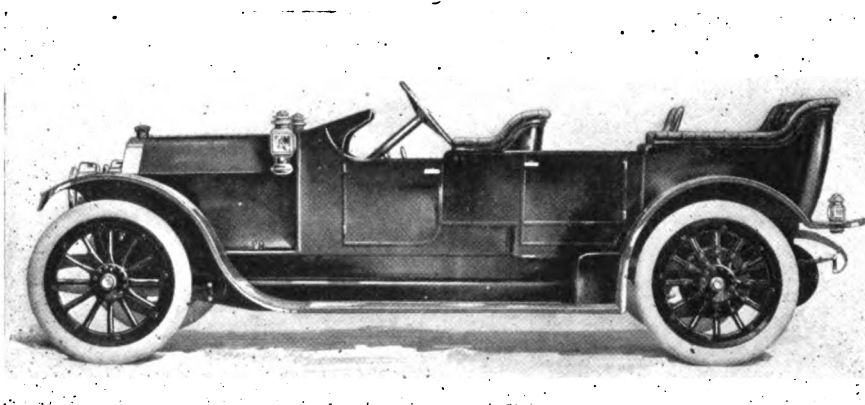
BANKERS AS MANUFACTURERS OF AUTOMOBILES

SOMETHING like a year ago a number of Wall street bankers, business and professional men, desiring to produce for themselves an automobile embodying the latest and most desirable characteristics of all existing cars, launched the Orson Automobile Company.

The original subscribers to the Orson plan included eighty-eight of New York's well-known financiers, numbering among them Frank A. Vanderlip, president of the National City Bank; H. O. Havemeyer, president of the American Sugar Refining Company; James A. Stillman, vice-president of the National City Bank; Richard Sutro,

mobile and it is another matter to build automobiles that will be superior to those that pass current as they come from the regular makers. One of the early efforts was to engage the services of a capable designer, a staff of assistants, and a comprehensive organization fitted out to compete with veteran automobile builders, enjoying the benefits bestowed upon them by experience.

Recently a large vacant parlor in the Hotel Belnord, New York City, was secured and five finished Orson cars were placed on private exhibition there. The exhibit included two limousines, two touring cars



ORSON FORE DOOR SEVEN PASSENGER

of the firm of Sutro Brothers; Charles C. Gates; Myron T. Herrick, former Governor of Ohio; R. H. Winthrop, formerly Controller of the State of New York; W. H. Porter, of J. P. Morgan & Co.; Messrs. Isaac and Samuel Untermeyer; C. F. Daly, vice-president of the New York Central Railroad; Dr. W. H. Peaslee, president of the Second National Bank; Charles Blair McDonald, broker; Alvin Krech, president of the Equitable Trust Company; Samuel McRoberts, vice-president of the National City Bank; Dr. Charles F. Ash; Mr. Beinecke, proprietor of the Hotel Plaza; Percy A. Rockefeller; H. M. Kilborn, vice-president of the National City Bank.

In view of the desire on the part of these gentlemen for something out of the ordinary, it was necessary for them to investigate the state of the automobile manufacturing industry and ascertain what had been done, although it may be taken for granted that the subscribers were veteran automobilists, most likely, with experience dating back for several years.

It is one thing to own and run an auto-

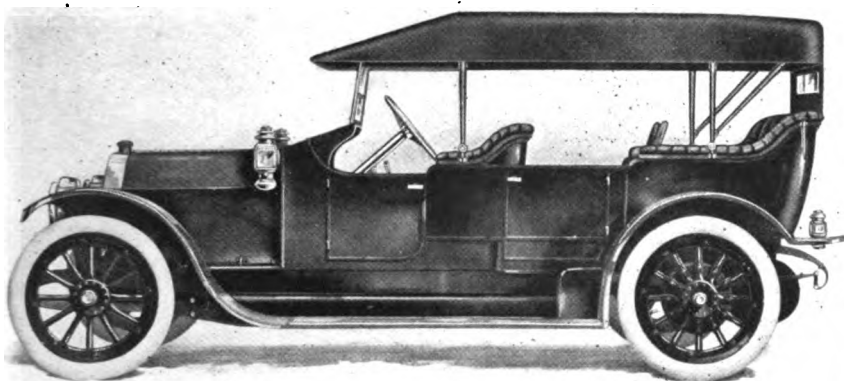
and one elaborately devised display chassis showing the whole mechanism in detail.

Three thousand invitations were issued to members of the syndicate and their friends; those who attended the show came away singing the praises of the luxurious cars that had been built without regard to cost.

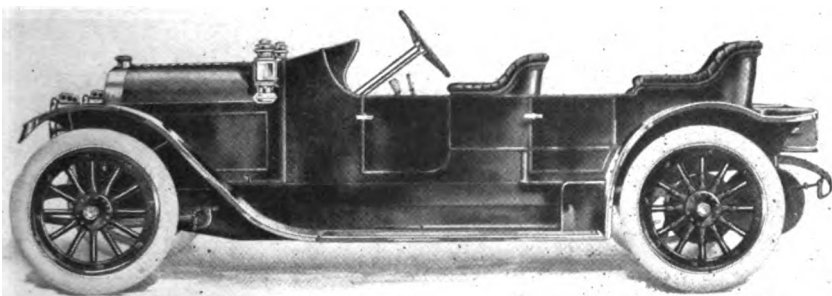
One of the touring models reproduced herewith is a strikingly good example of body building, with a superb painting scheme of Richelieu blue, while a second touring car is done in French gray with a red stripe and running gear of a hue that finds perfect color harmony. Low lines and clean running boards accentuate their appearance.

Mechanically the cars represent the soundest practice in automobile engineering, with some few improvements which experience and a vast amount of experimental work have dictated.

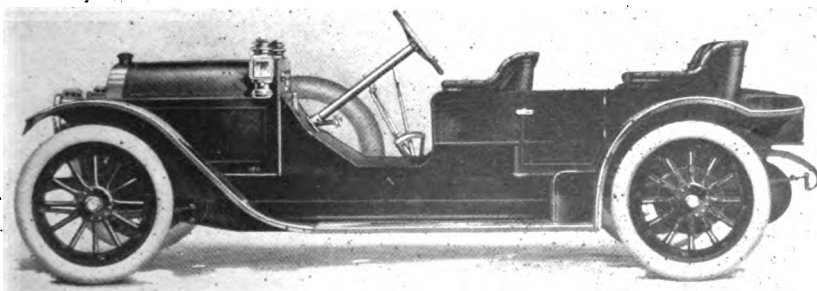
The cars are characterized by unusual quality, since alloy steel is used throughout the car, except in its vitals, where Krupp steel is the material used, this being the highest known standard in metallurgy



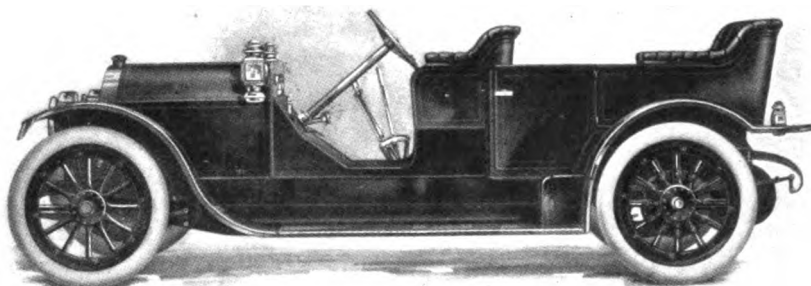
FORE DOOR SEVEN PASSENGER WITH PATENTED TOP



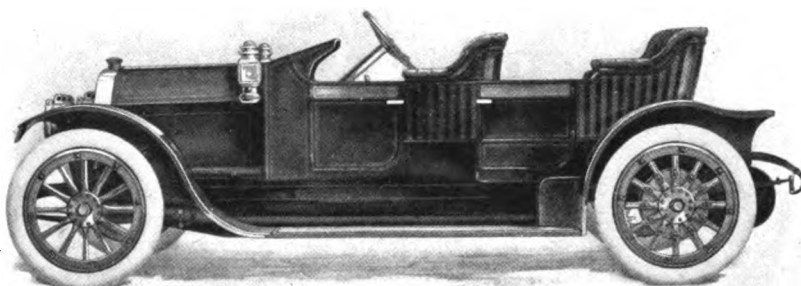
FORE DOOR LIGHT TONNEAU



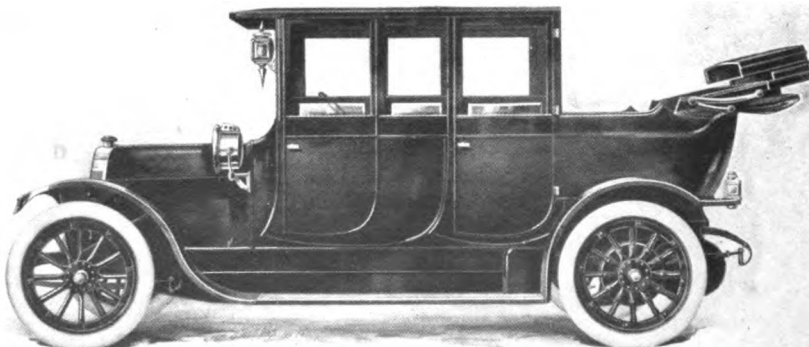
LIGHT TONNEAU



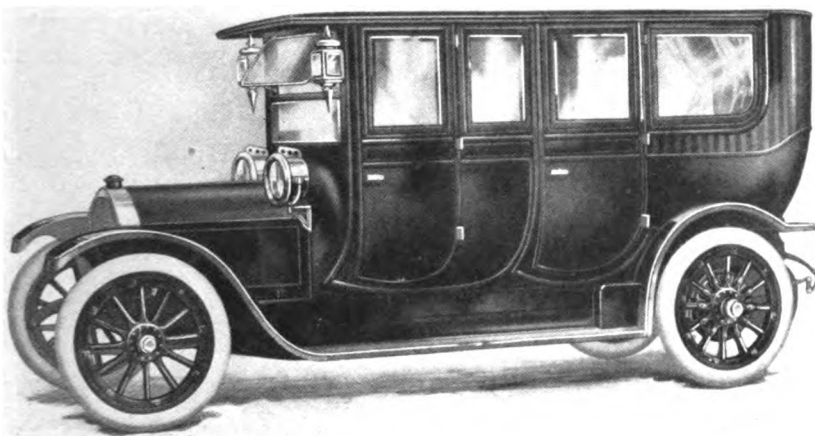
FIVE PASSENGER



FORE DOOR CLOSE COUPLED



FORE DOOR LANDAULET



FORE DOOR LIMOUSINE

where tensile strength and elastic limit is demanded. Fifty-two sets of imported ball-bearings are used in each car.

While they will always be noted for their thoroughly efficient power plant, it is the many refinements of detail making automobile travel a comfort, combined with exclusiveness of design and finish, that stamp them with individuality.

As might be expected, the original outlay of capital for equipping the Orson factory was large, but if interest in the project continues to grow, as it undoubtedly will, since the cars have proved their worth in the most severe road tests, there is reason to predict that the money invested will return fourfold, when the sale of cars is thrown open to the general public.

NATIONAL SAFE DEPOSIT CO. OF CHICAGO

STOCKHOLDERS of the National Safe Deposit Company of Chicago, which owns the building occupied by the First National Bank of that city, approved the declaration of a stock dividend of forty per cent., or \$1,000,000. The new stock will be distributed at once to stockholders of record June 12. The larger part of the amount will go to the First National, which controls the Safe Deposit Company.

The stockholders re-elected the old directors and the directors in turn re-elected the retiring officers.

The net profits of the company in the year ended April 30 were \$347,000. A six per cent. dividend on the increased amount of capital stock—\$3,500,000—would call for \$210,000, leaving a considerable surplus out of earnings equal to those of last year.

TWO TELLERS

SOCIETY LADY—"Isn't Mr. Jones, the paying teller of the First National Bank, a fine man. Do you know, I like to go there to get checks cashed. He always takes plenty of time, no matter how many people are waiting, to give me just the change I want and tell me all about his family and the latest news in town. He is so good, too, to tell me how much the fare is to New York and how to get a return ticket. The other day he was talking to me and counting money at the same time, and would you believe it he actually gave me ten dollars more than the check was made out for. It's a good joke and I am going to tell him about it and

give him the money back when I get home from New York."

Her Friend—"What a crabbed old fellow the paying teller in the Second National Bank is. He always takes my check and looks it all over, and if it isn't signed and dated he makes me go to the desk and fix it up. He will never talk about anything but business, and always counts the money over twice before he gives it to me. He seems like an agreeable man outside of the bank, but I can never get a word out of him about his family or anything but dollars and cents when he is in his cage. I guess the cage is a good place for him during banking hours anyway."

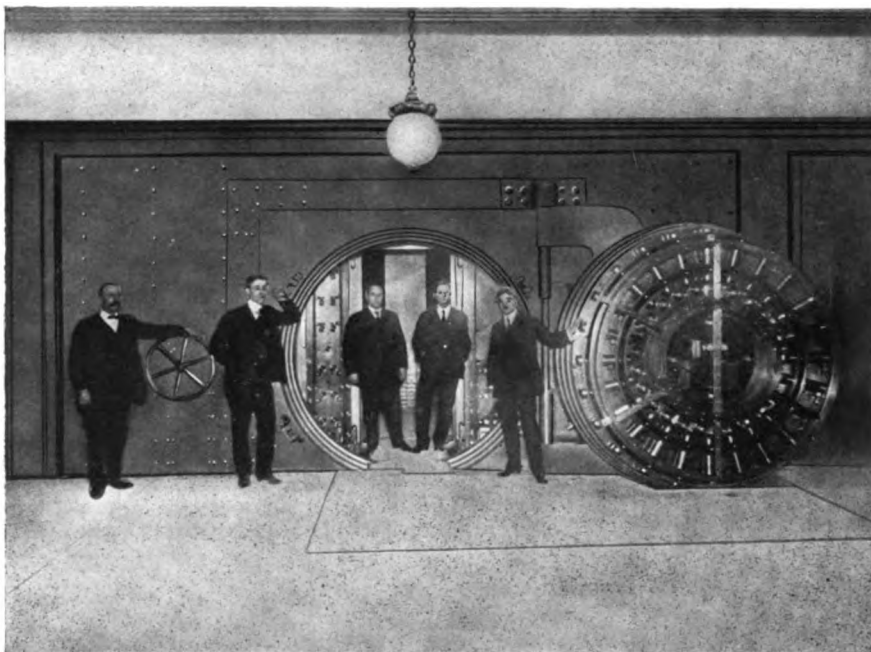
SAFE DEPOSIT

GETTING SAFE DEPOSIT BUSINESS

By W. O. McClure, Manager Safe Deposit Department, The Cleveland Trust Company

THE question of how to increase a safe deposit business is, like most others, one on which there doubtless exists a variety of opinions. Local conditions always must be considered. Methods employed successfully in older and larger cities where the business is more thoroughly

The weight of the doors need not be greater nor the plates thicker than those of a competitor, but the vault itself must come up to the standard of modern requirements. There should be ample accommodations in the nature of coupon or examination rooms, conference rooms and waiting rooms. There



MAMMOTH SAFE DEPOSIT VAULT INSTALLED IN THE CLEVELAND TRUST COMPANY.

established and where a greater proportion of the local wealth exists in securities, will not apply with the same force in newer and smaller places. However, the superiority of the modern safe deposit vault for the custody of valuable property over all other methods is universally recognized. This superiority is not always fully appreciated and the question of how to reach most successfully this unappreciative element, is always a live and a practical one.

Granted that the company enjoys the business reputation commensurate with the nature of the business to be done, the first consideration is an up-to-date equipment.

should be careful conservative methods of management, yet not overburdened with so-called "red tape", and there should be an efficient, courteous force. The customer must feel at all times that his interests are properly safeguarded.

It has been well said that a satisfied customer is the best advertisement. This applies with equal force to the safe deposit business. The important, yet usually difficult step, is to get the prospective customer in touch with the equipment. A demonstration of the methods employed in protecting valuables is the thing which counts for most. A good advertising man or firm should be



Millions of Dollars in Jeopardy

THAT may seem like a startling statement, but it is well within the bounds of truth.

Twenty-eight years' experience in the designing of bank vaults for institutions in all parts of the United States and in Canada, qualifies me to express the opinion that the vast majority of them are ridiculously inadequate for the work they are supposed to do.

Crooks could walk into 75% of the bank vaults in this country any night in the year as easily as the dusky chicken fancier robs a hen-roost.

The remedy for this alarming condition is in better planning of vaults

The vault manufacturers give bankers what they want, but the trouble is that bankers do not know what they ought to have.

It is my business to show them. If you are a banker, my complete plans and specifications will help you in ordering vault equipment.

I can save you money and give you the maximum of efficiency at the minimum of cost.

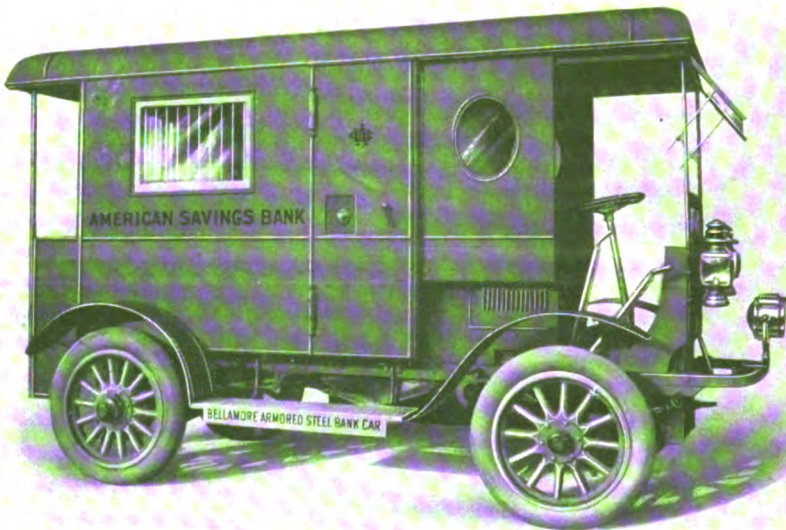
FREDERICK S. HOLMES

BANK VAULT SPECIALIST

No. 2 RECTOR STREET, NEW YORK CITY

Bellamore Armored Steel Bank Car **A BANK ON WHEELS**

Brings to the door of every depositor all the conveniences of a bank. NO RISK for money and securities in transit



Armored Steel Motor Bank Car Type 11 VC. Side View

Amongst the many uses of the Bellamore Armored Steel Bank Car are the following:

**The collection of heavy deposits.
The delivery of pay-roll-money to factories.
The delivery of large sums of money to customers.
The transportation of bullion.
The carrying of money and securities between branch institutions.
The collection and delivery of valuables for safe deposit.**

Descriptive booklet and prices on application.

Bellamore Armored Car & Equipment Company

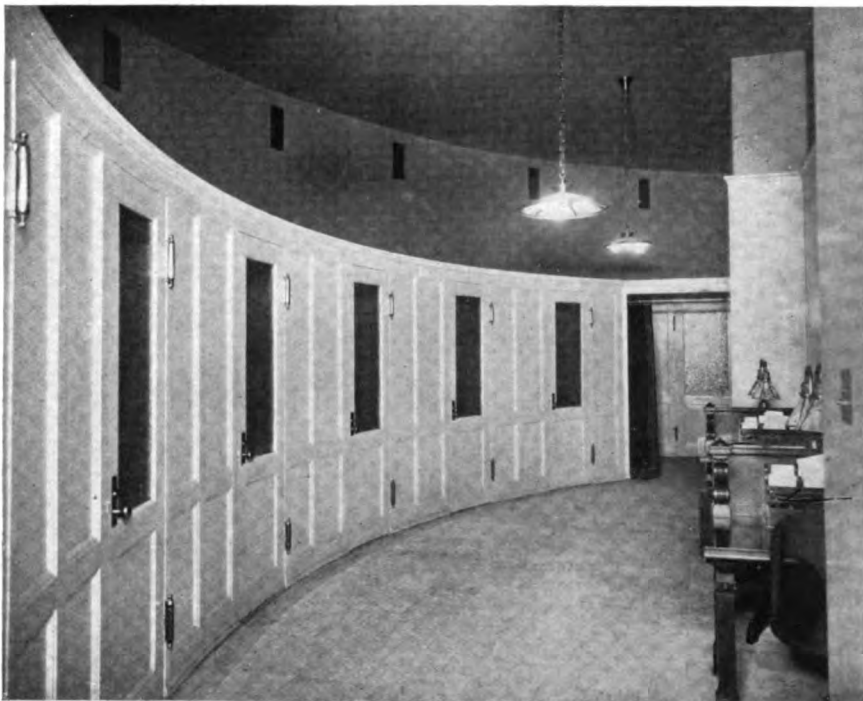
286 FIFTH AVENUE, NEW YORK



THE CLEVELAND TRUST COMPANY MAINTAINS A COLLECTION SERVICE FOR THE CONVENIENCE OF ITS SAFE DEPOSIT PATRONS

secured and the field carefully studied. If the equipment be new or improvements have been added, special invitations may be given. However, any legitimate method of interesting the prospective customer sufficiently to induce him to call is worthy of consideration. Attractive descriptive booklets should be on hand for distribution. They should also be well circulated through the mails to selected lists of names.

In all such advertising there should be a very cordial invitation to call and inspect the vaults. To many people a safe deposit equipment with its bolts and bars, its grill work and armed guards, is a formidable proposition, but once this timidity is overcome and the step is taken, the visit usually proves an interesting one. The booklets should be supplemented by mailing cards, letters, street car advertising and a mod-



PRIVATE COUPON ROOMS



STORAGE VAULT FOR FURS—A NEW FEATURE INAUGURATED TO MEET THE PUBLIC DEMAND

erate amount of newspaper advertising. As far as possible the names of interested visitors should be secured and a record kept for follow-up purposes.

WORKING TOGETHER.

Where the safe deposit business is the adjunct of a trust company, as is often the case, advantage should be taken of the opportunity to get the customers of the other departments to see the vaults. This, of course, involves the hearty co-operation of

those containing advertising matter furnished the bank customers occasionally with their passbooks and vouchers have also proven a good medium.

While it is most essential that there be good equipment and management and that the best of advertising methods be employed in cultivating the field, there is, in the opinion of the writer, no better method of supplementing the above, and no method productive of better results than personal solicitation. The best way to do a thing is to do it, and the best way to



ONE OF THE STORAGE VAULTS FOR TRUNKS AND BULKY PACKAGES

the various departments and of the official and clerical force, an element so essential to success in any organization. A new banking customer will usually consider it a compliment to be shown through the office or building, including the safe deposit vaults. Should it be impossible or impracticable for the teller to act as escort, a card of introduction to the vault manager is the next best thing and has worked well in practice. The stock, transfer, and bond departments have a good opportunity in this direction. A customer who has just been accommodated by a purchase of bonds should certainly be accommodated with a safe place to keep them. A good plan is to have envelopes for the delivery of stocks in the transfer department, call attention to the safe deposit facilities. Neat blot-

get business is to go out and get it. A personal call, with the opportunity to explain fully the advantages offered, is worth many letters and circulars. The stockholders and friends of the institution should be seen. Select lists should be prepared of tenants of adjacent office buildings, members of the leading clubs and business organizations, names from the Directory of Directors, personal tax list, etc.

As interviews are made, the most promising should be classified separately and followed up by additional interviews, personal letters, etc. One of the most difficult things to do, after a prospective customer has agreed to take a safe, is to get him to call and close the matter up. A very good plan is to complete the contract on the spot and give him an order for a

safe, or deliver him a set of keys. The case may require further nursing, however, before completion and here is an opportunity for resourcefulness on the part of the solicitor.

Where a "prospect" thus interviewed had a clear explanation of the methods employed, should the occasion arise later when he feels the need of such facilities, he is likely to patronize the institution whose representative first called the matter to his attention. The writer has seen cases of this kind where months and even years had elapsed between the interview and the final results.

VACATION BUSINESS.

While it is not universal in practice yet it may be generally regarded that a safe deposit department can hardly be considered complete without storage facilities. With the increasing use of table silverware there is a growing demand for storage of this and kindred household valuables at all times of the year, but particularly in the summer season. Appropriate advertising matter should be gotten out at vacation time. The daily and society papers should be watched for the names of those planning to leave the city. The temporary and sometimes permanent storing of wedding presents is a feature to be cultivated. In the case of devastations, fires, etc., it is opportune to call attention to the facilities of the storage vaults.

A great many of the storage customers

when sending their silverware to the vaults will naturally include their valuable furs, provided, however, that there be assurance of protection against ravages by moth. Some safe deposit companies store furs in this way, but it should always be done under the supervision of an expert furrier or trouble will ensue. Where the business will warrant it, a better plan is to have a vault furnished with the necessary equipment for producing a low temperature, which is the natural atmosphere for the furs and insures against advance work on the part of any moths or other insects lying dormant in the fur. Such storage methods, in addition to the direct benefit accrued, advertise the safe deposit business in general and prove mediums for securing new customers for the institution.

In order, however, to add to the popularity of this feature some method should be devised for calling for and delivering the packages. If a convenient and safe method is not available for getting one's valuables to the vaults, particularly if there be little time in which to catch a train, the customer is very likely to carry the risk himself or resort to insurance, and the bank loses the business. An attractive automobile delivery, in addition to the convenience it affords in this direction, proves a good advertisement as well.

The foregoing is respectfully submitted as suggestive of some methods which may be employed, and which have been employed, with some measure of success, in the development of a safe deposit business.

FOREIGN BANKING AND FINANCE

EUROPEAN

BRITISH BANKING PROFITS

LONDON financial journals of recent date—"The Statist" of May 13 and "The Economist" of May 20—contain comprehensive statistical and other information regarding the banks of Great Britain.

Commenting on the greater profits compared with last year, "The Economist" says:

"Out of nearly £800,000 more in net profits shareholders only received a paltry £11,200, the whole of the increase and £220,000 beside being appropriated in writing down the investments. * * * The results of 1910 are, in fact, very similar to those of 1907, in both years a substantial increase in profits having been more than eaten up by the depreciation of securities."

"The Statist's" article emphasizes the process of bank amalgamation, which has been going on rapidly of recent years. This has resulted in a concentration of British banking into the hands of a few institutions. It is pointed out that the number of branch offices in the United Kingdom is now upwards of 8,000—an increase of about sixty per cent. in thirty years. One of the great joint-stock banks has nearly 700 offices, another over 600, a third nearly 500, a fourth about 450, a fifth 350 and a sixth over 300. The ten greatest banks hold nearly sixty per cent. of the total banking deposits of the country. After allowing for duplication of deposits, "The Statist" estimates the net deposits of all purely British banks at about £950,000,000, as against about £400,000,000 thirty years ago.

BANK OF BRITISH WEST AFRICA, LTD.

AT the meeting of the shareholders of this bank on May 25, the directors made a favorable report of business for the past year. Gross profits were £80,150.

Branches of the bank have been opened at Las Palmas (Grand Canary), Monrovia (Liberia), Winnebah and Saltpond (on the Gold Coast), and agencies at several other places.

Last October the head office of the bank was moved from Liverpool to London, the office now being located at 17 and 18 Leadenhall street.

NEW OFFICERS OF THE BANK OF ENGLAND

AT a recent general court of the Bank of England, Alfred Clayton Cole was elected governor and Walter Cauliffe, deputy-governor.

ASIATIC

BANK NG IN KOREA

FROM the third "Annual Report on Reforms and Progress in Korea," a great deal of valuable information may be derived about the progress of banking in that Peninsula.

The Bank of Korea was established by virtue of a memorandum of July 26, 1909,

The Mexican Financier

*Only Weekly Financial Journal
Published in Mexico*

COMPLETE QUOTATIONS OF ALL
BANK, INDUSTRIAL AND MINING
STOCKS

READING MATTER OF VITAL INTEREST
TO ALL INVESTORS IN MEXICO

*\$5.00 U. S. Currency per annum, post-
age paid*

JOHN R. SOUTHWORTH, F. R. G. S.
Managing Director

CALLE DEL ELISEO . MEXICO, D. F.

Cable Address, Cal-South. P. O. Box 1172,
Mexico City



Banco Minero

CHIHUAHUA, MEXICO

Capital - - - - \$5,000,000.00

Surplus Fund - - 1,960,000.00

**Transacts a General Line
of Banking Business.**

**Drafts and Letters of Credit on
Europe, United States and
Mexico.**

**Collections on any part of
Mexico Given Prompt and
Careful Attention.**

CORRESPONDENCE INVITED

New York Correspondent, NATIONAL PARK BANK

JUAN A. CREEL

General Manager

JESUS J. FALOMIR

Cashier

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager

Paid-Up Capital, \$10,000,000 Reserve Fund \$7,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : MEXICO CITY, D. F.

with an authorized capital of 10,000,000 yen, of which one-fourth is paid up. The bank is authorized to issue any amount of notes against a corresponding reserve of specie and bullion, gold or silver, or against bank notes issued by the Bank of Japan. But the silver reserve must not exceed one-fourth of the total reserve. In addition, bank notes may be issued on the security of State bonds or other bonds and commercial bills of a reliable nature to the limit of 20,000,000 yen. In case of necessity, the bank is permitted to issue notes beyond the maximum mentioned, which, however, are subject to a tax of at least five per cent. per annum.

A new and suitable building for the Bank of Korea is in course of erection in Seoul, and is expected to be completed by the end of February, 1912.

The report from which this information is obtained also contains an interesting description of the agricultural and industrial banks and "local monetary circulation associations," or people's banks.

In view of recent proposals in this country for guaranteeing commercial paper, the following, regarding "Note Associations," will be found of exceptional interest:

"As often alluded to in the previous annual reports, the abuse of the Oum-pho (a kind of promissory note of crude form) and the indiscriminate issue of counterfeit nickel coins has been main causes of the financial disturbances once so prevalent in Korea. As a remedial measure against the use of the Oum-pho, acts for notes and note associations were promulgated in the latter part of the year 1906, by which the Government caused traders to form note

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Resorvos, \$788,115.74

Deposits, \$2,195,056.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ABTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

associations in the Seoul and other important places. The payment of the notes issued by a member of such associations has to be guaranteed by the association. With the gradual growth of economic conditions, the volume of notes issued by members of the association is increasing year by year, and the conception of using notes is gradually becoming general among the Korean trading classes in the important cities. At the end of December, 1909, the number of members of these associations reached 580, the amount of the bills guaranteed by the associations was 3,483,439 yen and the amount of the bills paid 3,573,014 yen."

JAPANESE NATIONAL DEBT

A RECENT issue of "The Economist," London says:

"The struggle by means of which Japan secured her position as the greatest power in the Far East entailed, as is well known, an enormous drain on her material resources. The figures of her national debt during the last decade show how much of the cost of the war was met by mort-

gaging the future. Although to a wealthy European country the present burden of debt might not appear very crushing, yet, when the comparative poverty of Japan is remembered, the charge seems enormous. The following table shows how the Japanese national debt has increased since 1900:

AMOUNT OF NATIONAL LOANS OUTSTANDING AT THE END OF MARCH IN EACH YEAR.

Year.	Internal Loans	Foreign Loans.	Total.
1900	£40,520,000	£9,760,000	£50,300,000
1901	41,830,000	9,760,000	50,850,000
1902	42,600,000	9,760,000	52,420,000
1903	45,550,000	9,760,000	55,220,000
1904	46,390,000	9,760,000	56,160,000
1905	67,870,000	31,240,000	99,130,000
1906	90,970,000	97,040,000	187,240,000
1907	107,150,000	114,620,000	221,770,000
1908	111,060,000	116,570,000	227,630,000
1909	108,460,000	116,570,000	225,030,000
1910	149,870,000	116,570,000	266,430,000

"The growth between 1904 and 1906 is prodigious, and the increase in the amount raised abroad, as compared with what could be borrowed at home, shows that the amount of loanable capital in Japan is still

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President
H. C. HEAD, Cashier

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A General Banking Business Transacted
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M. CERVANTES RENDON

Attorney-at-Law

3a SAN AUGUSTIN 73

MEXICO CITY, D. F.

2nd Assistant Consulting Attorney for the Foreign Office

References on Request

P. O. Box 940

Phone 2395

Correspondence in English, French, German, Italian and Spanish.
Commercial and Maritime Law. Collections. Protocolization and Legalization of Documents. Foreign Judgments. Claims against Transportation Lines.
Corporation Law. Bankruptcy Mines. Concessions. Patents and Trade Marks. Estates and Successions. Titles. Investments.
Private International Law. Consultations by Mail on Legal and Financial Topics.

GENERAL PRACTICE IN ALL COURTS

very limited. Since the close of the war the national debt has continued to increase, partly owing to naval and military preparations, but largely in consequence of the nationalization of the railways. At the end of 1909 a debt of about £51,800,000 was outstanding for the latter purpose. A statement which has just been issued describes the recent efforts of the Government to reduce the burden of the dead weight debt, which must be distinguished from the railway debt.

"For some time past the Japanese Government has been converting its five per cent. loans into bonds yielding interest at 4 per cent. Three conversion loans were issued, an internal loan of £20,000,000 at the price of £95 per cent.; a loan on the Paris market for £17,450,000 at 95½ per cent., and an issue of £11,000,000 (107,000,000 yen) at £95 per cent. in London. The loans met with success, and the Government was able to redeem £51,850,000 (518,500,000 yen) of its 5 per cent. issues, converting them into £53,700,000 of 4 per cent. bonds. The increase of debt was £3,850,000, but the annual charge for interest was reduced by £365,000 per annum.

"The improvement in Japanese credit thus manifested is partly attributable to the existence of a sinking fund, which was established during the financial year 1906-7. The Government scheme provides for the redemption of not less than £5,000,000

annually, and is calculated to extinguish the whole debt at the end of twenty-six years. But since the policy was initiated the debt has, in fact, increased in consequence of the policy of railway nationalization. By the end of 1909 the Government had applied £10,900,000 to the reduction of debt, and at the beginning of the financial year 1910-11 the amount of the sinking fund to be applied for redemption was estimated at £8,250,000, of which £2,170,000 had been brought forward from the previous financial year and £6,080,000 was to be transferred from the general account for that year. Meanwhile the taxation is very severe, and the cost of living will be still further raised by the new tariff."

AUSTRALIA

ROYAL BANK OF QUEENSLAND

THE fifty-first report of this bank, adopted at the ordinary general meeting of shareholders held at Brisbane, April 20, showed net profits for the last half-year, £15,137. The footing of the balance sheet on March 31 last was £2,068,497. The head office of the Royal Bank of Queensland, Limited, is in Brisbane. Edward D. Day is general manager and E. H. Matthews, assistant manager.

A SOUTH-AMERICAN CALIFORNIA

By O. Sperber

THE coast region of Peru, which until recently was considered a sandy, barren tract of land, where agriculture could be profitably carried on along the banks of some of the rivers descending from the nearby mountain range, the Andes, has suddenly become an object of great interest, not only to those directly interested in the future welfare of that country, but also

to eventual investors of large capital, who wish for big dividends and no risks.

Here, history is going to repeat itself, notwithstanding the former verdict of some world-known experts, who stamped to a by-word the sterility of the coast region of Peru, and as nobody would ever have dared to contradict this verdict, it was generally taken for granted that the region

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

was condemned to a future of poverty, whose material life would forever be depending upon the immense mineral wealth hidden in that nearby range of mountains.

It is quite true that the material life of the coast region of Peru is dependant upon the mountain range, but not at all in the sense generally understood.

It is not the mineral wealth carried by the rivers descending from these same mountains that will enrich it, but rather the water itself, a powerful factor, which these same experts had forgotten to consider.

None imagined that conditions could alter, still less that all that is needed to develop this region into one of the most fertile agricultural districts in the world is a well-designed system of artificial irrigation.

In fact, nobody ever thought that the day would come when, owing to an analogy of conditions, the coast region of Peru would deserve to be called "A South-American California."

This new name speaks volumes in favor of the future of that region and none of those acquainted with the topography of Peru will doubt that all the prophecies of inefficient experts shall soon be put to shame.

It is likewise true that the largest portion of the coast region of Peru has still the aspect of a sandy desert, although its output in agricultural products last year consisted of 25,000 tons of cotton of the finest quality, commanding much higher prices than any other kind known; 150,000 tons of first-class cane sugar of special quality, besides 7,276,283 liters of rum; 300,-



PORT OF PAITA, PERU



TYPICAL VALLEY,

000 hectoliters of the best imaginable wine, rivaling any kind known on the American Continent and surpassing most American wines in quality; 14,000 hectoliters of alcohol, gained from grapes; 39,000 tons of rice, of a superior quality, besides large quantities of corn, as well as tropical fruits suitable for exportation.

A fine aromatic coffee grows on the western slopes of the Andes, close to the sandy region. The quality of this product is equal to that of any other growing in that zone.

It is not exaggerating to pretend that the quality of every one of the products raised in the coast region of Peru surpasses that of those of the same kind grown in any other country whatever, a fact most probably due to the peculiar climatic conditions existing in that zone.

During the colonial epoch wheat was successfully raised in the vicinity of Lima, the capital, but rust having made its appearance there, this has been entirely abandoned.

All of the products mentioned above are raised along the banks of rivers, on narrow strips of land, while the seemingly sterile land is that lying between the bed of the different rivers crossing that region.

Part of this sterile land can even be irrigated by means of artesian well or by steam pumps, as is the case on the large sugar cane plantation, "Cartavio," in northern Peru, where water is drawn up from the underground by pumps and then carried directly to the fields.

It is not entirely due to a lack of energy and initiative on the part of the natives

that this region is not more extensively cultivated to-day. Adverse circumstances and the phases of political stress through which Peru has passed have retarded its development still more than that of the mountain region, where the minerals could be extracted without previously erecting special works for the entire region.

In the districts where artesian wells would be of no use, a system of artificial irrigation similar to that of California can be easily implanted, since most of the rivers, like the Santa, Colcha, etc., carry a much larger volume of water than what the cultivated lands can possibly absorb.

All the rivers crossing the region to flow into the Pacific Ocean have, during the rainy season, more the aspect of wild torrents than of well-regulated rivers. The beds of some of them lie in very deep ravines, and with these rivers some special mode of bringing the water to the level ground will have to be devised, but notwithstanding this fact, the surveys made by absolutely reliable engineers show that, owing to the geological formation of the country, the implantation of a system of artificial irrigation will be less expensive in the coast region of Peru than in our Western States or in Mexico.

An immeasurable amount of water could be stored up in reservoirs and held in reserve for use during the dry season.

There is no doubt that this question of artificial irrigation for the coast region of Peru shall be solved in a very near future, as the carrying out of the works will not prove so difficult as might appear at first sight, and the guarantees offered by the Peruvian Government are very alluring.



COAST OF PERU

This coast zone of Peru has, on the average, a width of thirty miles, so that the water need not be carried any great distance to the cultivated lands.

According to official reports, 3,750,000 acres of the uncultured land in the coast region of Peru have already been surveyed and it was found that this immense tract can be artificially irrigated and thus made to yield enormous crops. These 3,750,000 acres are divided as follows:

Valleys.	Acres.	Cost of Irrigation.
Piura	1,000,000	\$500,000
Chlra	1,125,000	1,000,000
Tumbes	375,000	750,000
Lambayeque	200,000	150,000
Chicama	75,000	125,000
Santa	375,000	100,000
Nepena	125,000	75,000
Canete & Chincha	62,000	150,000
Miraflores & Cachendo..	250,000	500,000
Ica	37,000	400,000
Pampa de Clemenci.....	125,000	675,000
Total	3,750,000	\$4,050,000

Four million and fifty thousand dollars is undoubtedly quite a large sum, but nevertheless the irrigation of that part of the coast zone of Peru will be a lucrative investment, especially as the Peruvian Government guarantees an interest of five per cent. on the capital to be invested in that enterprise.

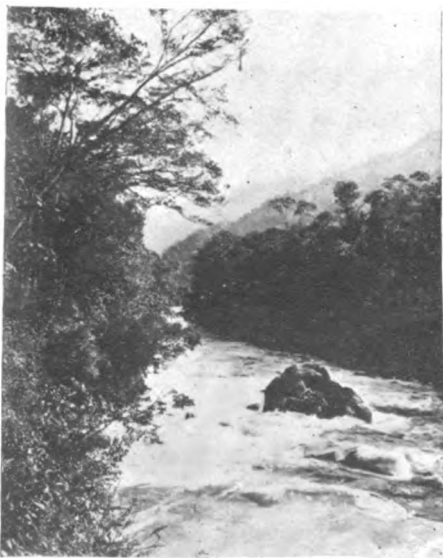
The value of the irrigated lands for agricultural purposes must be calculated in proportion to the actual yield of the crop, making allowance for a reasonable culture with modern implements, until now so little used.

The average yield per "Fanega" ($5\frac{1}{2}$ acres) is as follows:

Sugar: 545 quintals @ 45 kg. of first-class sugar, and 275 gallons @ 3.74 liter of rum, the cost of production amounting, f. o. b. to from \$1.50 to \$1.60 per quintal.

Cotton: 60 quintals @ 45 kg., the quintal of raw product generally yielding 36 lbs. net product, i. e., ready for export.

Rice: 80 quintals.



TYPICAL PERUVIAN RIVER FLOWING FROM MOUNTAINS TO PACIFIC COAST.



A COTTON PLANTATION IN PERU

Wine: Although the culture of vine is carried on in the most primitive way, the output is of from 600 to 800 gallons @ 3.74 liter to the acre.

The absolute lack of rain in the coast region of Peru, which for so long was considered an insurmountable obstacle to the development of that zone, seems to be, on the contrary, the source of numerous advantages unknown elsewhere.

While in all other countries the quality as well as the quantity of the crop is dependant upon rain and precipitation, here

things differ, since these two important factors can be dispensed with.

In the coast region of Peru, the cotton grower is always certain of a good crop, since neither rain nor frost can harm it. Prolonged droughts are likewise inoffensive there, as long as artificial irrigation is at the disposal of the agriculturalist, who cannot be mistaken when reckoning with two harvests annually, the principal one taking place about Christmas and the second one at the end of June.

On the other hand, the climatic condi-



BASIN ON THE CHIRA RIVER, COAST OF PERU

tions of that zone enable the sugar cane grower to plant and harvest his crop the whole year round, while his fellow-growers in the United States, Cuba, Argentine, Brazil, etc., are compelled to close their factories during the rainy season.

All these advantages will not fail to be estimated at their real value, and their recognition will tend to enhance the value of land in that region.

The average temperature in the coast region of Peru, to the south of Lima and in that city itself, is 60 degrees Fahrenheit; to the north of Lima, 70 degrees Fahrenheit.

Though the temperature is rather high during daytime, the heat is not insufferable, owing to the dryness of the atmosphere, which prevents an exhaustion of the system. Towards evening breezes from the ocean cool down the air, thus permitting the enjoyment of restful and recuperating sleep.

One of the greatest advantages, at least for the future material development of that region is that the climate permits to colonize it with Europeans from the temperate zone. To understand what this means one must bear in mind the colonization of Southern Brazil, part of Argentina, etc., with settlers from Northern and Middle Europe.

Besides guaranteeing an interest of five per cent. on the capital to be invested in irrigation works in the coast region, the Peruvian Government will put at the disposal of the enterprise, free of any charge, all the public lands which it still possesses in that region.

In cases where the lands necessitated should be in private hands, special terms would be made for their acquisition, or else water could be supplied to the owners, who would have to pay for it at the rates fixed

by law, which amounts, on the average, to \$1 annually.

Where unpaid water bills have been run for three months, the owners are to be expelled and their lands sold at a price in accordance with its value before being irrigated.

The enterprise which would undertake to carry out the irrigation works in the coast region of Peru would be exonerated from taxes for at least three years, and all the material necessary for the carrying out the work would naturally be free of custom duties.

Where the land needed for the irrigation works was municipal property, it would be deeded free of charge whatever, while the land in private possession would be bought, the Government putting at the disposal of the enterprise. Thus the irrigation of the coast region of Peru would be a most profitable investment, with the interest guaranteed and the general conditions favorable.

The profits will naturally grow in proportion to the increase in the value of the land after it has been put under irrigation, and this value will be enormous as shown by the prices actually paid for land there. Five dollars is the average price paid for two and one-half acres without water; land with artificial irrigation is worth from \$50 to \$250 the two and one-half acres, a price which will be augmented in the future, especially after the Panama Canal has been opened, when it shall certainly, reach an unprecedented height.

The actual difference in prices for irrigated lands is in accordance with their situation and the facilities offered for their exploitation.

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

BANKING PUBLICITY

Conducted by T. D. MacGregor

SAVINGS BANK ADVERTISING

Address by the Editor of this Department before the New Jersey Savings Banks' Association at Newark, May 17th, 1911

I UNDERSTAND that most of the members of the New Jersey Savings Banks' Association are in reality "from Missouri" on the question of advertising and that I am expected to do the "showing" here to-day.

I realize that the State Banking Department has something to say about how your banks spend money; I know that your charters limit you in different ways; and I know that if some of your directors are stockholders in National Banks or Trust Companies competing with your banks for savings deposits it is likely to have some bearing on your attitude toward advertising.

Being more or less familiar with the objections made by non-advertising bankers when the subject of advertising is brought up, I am frank to say that my experience has convinced me that there is only one good and sufficient reason why a savings bank should not advertise, and that I shall take up a little later, in the meantime considering briefly other arguments advanced against bank advertising.

One objection commonly heard is to this effect:

"We do not need to advertise because ours is the only savings bank in the community and we will get all the business there is anyway."

That does not follow. There is a lot of latent savings bank business which can be developed by stimulative and educative advertising. The frequent items in the newspapers telling of the sudden and total disappearance of the assets of the Old Sock Savings Bank or the Bureau Drawer Trust Company prove that ignorance of the functions and dependability of savings banks and consequent lack of confidence in them are still all too common.

But it is not the confirmed hoarder that the savings bank advertiser can hope to reach so much as it is the man or woman who is intelligent enough to be influenced by the advertising of out-of-town banking by mail institutions; or the person unintelligent enough to become inoculated with the get-rich-quick germ so that he is willing to put his surplus money into whatever wildcat scheme is presented to him most attractively.

Another excuse for not advertising is the fact that the bank has a large, handsome, distinctive and centrally located building, so that everybody in town knows where the bank is and what it stands for in the community.

That is all well and good so far as it goes, but it does not go far enough.

Merely seeing a savings bank building is not going to make the average man save money and deposit it in the bank any more than just seeing a church with its tall spire pointing heavenward is going to make the average man turn his thoughts or his footsteps in that direction.

The desirability—the necessity—of saving a portion of his income and depositing it in the bank where it will be safe and profitably employed has to be brought home to a man personally before he will act upon a thrift suggestion, just as the truths of religion must get a grip on the man's inner self before they can have much influence on his actions.

Gazing at the outside of an imposing bank's structure won't do it.

Then there is that time-honored objection that "Advertising is not dignified for a bank."

This all depends on how the advertising is done.

It is quite conceivable that such advertising methods, for instance, as those of patent medicine manufacturers, painless dentists, or mining stock promoters, very

A DAY'S WORK

As a matter of gossip between ourselves and our customers, we gave instructions to have a careful count made of the number of pieces of incoming mail on a single day.

The result showed we received 10,000 letters and postal cards, and the total money value exceeded \$12,000,000.00—without a penny of absolute money. The force of clerks required to handle this mass of correspondence and get the items involved into shape for use on a current day, consisted of 50 trained men, assisted in the forenoon by another 50 men, whose duties are divided to other departments later in the day.

In view of the fact that in double every bookkeeping every debit must have an equal credit, it is evident that entries of \$21,000,000 pass through our books every day, independent of the business handled by our letters, our mail, or transit department being altogether distinct from our local or city business.

This goes to show that the central location of St. Louis makes of its financial institutions a vast clearing place of a wide stretch of our land, an effort constantly growing and enlarging its borders.

Of course, we appreciate the cooperation of our correspondents, and to this end we are constantly making new efforts to enhance their interests and thus building up a still more attractive and permanent structure of finance.

THE NATIONAL BANK OF COMMERCE IN ST. LOUIS

Our Capital of \$10,000,000.00 and Surplus and Profits of \$5,000,000.00, not to mention the double liability of Stockholders of over \$10,000,000.00, give absolute security to those who deposit with us. This is a feature that is worth remembering.

A BIG AD. OF A BIG BANK

Growth like this

Evidences Sound Management

Twenty Years ago, in January, 1891, the Resources of this Bank were less than Two Hundred Thousand Dollars. They amount to Fifteen Million Dollars—seventy-five times as much—to-day. During this entire period, while Southern California has undergone such wonderful development, the Institution has been doing practically the same thing—growing with the country, faster and longer, showing an increase of nearly Nine Million Dollars in the past ten years alone.

The first sign of the future service.

Growth like this evidences sound Management—wise, careful banking, prudence, an appreciation of the needs of Depositors, and years of efficient service.

Consideration of these facts must necessarily convince you that this Bank is the logical plan for your money—a conclusion with which our present Thirty-Five Thousand Depositors agree.

Accounts opened at Four and Three per cent interest rates, with checking privileges, and with the convenience of a safe deposit box, will be the necessary result of such management. Call at the Bank or write for more information.

German American Savings Bank
SPRING & FOURTH STS. - LOS ANGELES

Small Accounts

This great Bank, with total deposits of about Fifteen and One Half Millions, is essentially the Bank of the Depositor of small sums.

Divide your total deposits by your total number of Depositors—about 37,000.

This will give you the average deposit. A little over \$400 Standard Dollars—although our best money would average ranging from \$100 to \$500, and up.

Our large body of Depositors is representative of the average Citizen of Los Angeles. And his average saving is more or less \$400.

Entrepreneurship is the last few people who are living in bare money, but find it possible to do so only in small sums.

You think your conditions are exceptionally hard, but your Neighbor, on his efforts to save, is meeting the same problem you are, but he gets deposit service. You like to saving something, building up, little by little, the way that of Four Hundred Dollars or more.

You can do the most thing. You can save money more and more, and find a way. And you can save money in the Bank as well as in the future of your work.

And you can save money in the Bank as well as in the future of your work. And you can save money in the Bank as well as in the future of your work.

Accounts opened at Four and Three per cent interest rates, with checking privileges, and with the convenience of a safe deposit box, will be the necessary result of such management. Call at the Bank or write for more information.

Perfect Safe Deposit Facilities. Rooms and Storage at Moderate Rates.
Around the World and other Tours arranged by our Steamship Department.

German American Savings Bank
SPRING & FOURTH STS. - LOS ANGELES

4% Compound Interest

Amounts to 4 2/3 %

THE great advantage of Compound Interest is well illustrated by an account recently withdrawn from this Bank, owing to Depositor's change in income.

The sum opened as account for \$5,000 in 1901. From that time until withdrawn, in December, 1910, the account was not drawn upon or added to—except at the First for Cash loaned account was added every six months.

Upon withdrawal, the account amounted to \$7,000.00—having earned more than \$2,000 in a little over nine years. Interest was added to the principal each six months and itself earned interest thereafter.

This compounding feature made the original \$5,000 grow at the rate of 4 2/3 % per year during the entire period.

In case of any bank that finds it this kind of an advantage—(the feature is provided by the Bank of America)—guaranteed by law, under the supervision of an official State Department of Public Accountancy and every withdrawal—and that this bank is trustworthy—what better investment could you make for your money?

Accounts opened at Four and Three per cent interest rates, with checking privileges, and with the convenience of a safe deposit box, will be the necessary result of such management. Call at the Bank or write for more information.

Perfect Safe Deposit Facilities. Rooms and Storage at Moderate Rates.
Around the World and other Tours arranged by our Steamship Department.

German American Savings Bank
SPRING & FOURTH STS. - LOS ANGELES

16,000

NEW DEPOSITORS IN 1910

During the past year more than Sixteen Thousand New Depositors opened accounts with this Bank—an average of over 1300 monthly.

Something of what is this for You people. For—consider—

Every one of these thousand persons themselves started this Bank.

Every Depositor, as an individual, started himself, and by depositing money here, he is helping to build up the Bank.

It is a fact that every one of these thousand persons who started this Bank, and who are now depositors, are doing so for the same reason—because they find it the best place to put their money.

And you can save money in the Bank as well as in the future of your work. And you can save money in the Bank as well as in the future of your work.

Accounts opened at Four and Three per cent interest rates, with checking privileges, and with the convenience of a safe deposit box, will be the necessary result of such management. Call at the Bank or write for more information.

Perfect Safe Deposit Facilities. Rooms and Storage at Moderate Rates.
Around the World and other Tours arranged by our Steamship Department.

German American Savings Bank
SPRING & FOURTH STS. - LOS ANGELES

A Dividend in Sixty Days

The Service of this great Bank is provided for your use—and the use of all Citizens of the Southwest—

—for which reason it is the intention of its Officers to place before you any monthly advantage or benefit operation which no explanation may present.

—how to use your bank account—no matter how small a dividend to stay here—

—how open an "Ordinary" Savings account with this Bank as an "Ordinary" Savings account.

It will save for you in the next 60 days your money during May and June with interest payable July 1st—

—what that does, change your account to a "Term" deposit. During the following six months it will earn you interest at the rate of 4 2/3 % per annum, with dividend payable January 1st, next.

—now this bank you get a dividend at 3% per annum on the amount in the bank at the end of the following six months a dividend at the rate of 4 2/3 % per annum.

—your money will be working every month—

—Deposits received in small sums or large—

German American Savings Bank
SPRING & FOURTH STS.

Shrinkage vs. Stability

MANY persons have found that their investments in stocks, bonds, real estate, etc., have shown large shrinkages in value during the past year. But there has been no shrinkage whatever in the value of a Savings Bank Deposit—either at principal or interest.

Money deposited here saves at a fixed rate that you can thoroughly depend upon. And the more it rises, because money in Savings Banks is in a paragon.

Consider these FACTS carefully. Remember, they apply equally to large sums or small—and that the thousands of Los Angeles citizens who have deposited their money in the Savings Bank of Los Angeles are doing so for the same reason—because they find it the best place to put their money.

Accounts opened at Four and Three per cent interest rates, with checking privileges, and with the convenience of a safe deposit box, will be the necessary result of such management. Call at the Bank or write for more information.

Perfect Safe Deposit Facilities. Rooms and Storage at Moderate Rates.
Around the World and other Tours arranged by our Steamship Department.

German American Savings Bank
SPRING & FOURTH STS. - LOS ANGELES

New City Map

Free To New Comers

Tourists and New Comers will want our New City Map—

—now ready. It is practical and useful—exceedingly plain and simple, and strictly up-to-date—just the map you have been looking for.

Maps given free, upon request, to Depositors and others. If you want to visit our "Bank Lane," do come find your way to being in California a part of the map and we'll do the making, sending an explanatory letter and the accompanying map.

German American Savings Bank
SPRING & FOURTH STS. - LOS ANGELES

justly could be called undignified if used by a saving banks in an effort to attract depositors.

Is there anything undignified, however, in a strong, sensible appeal to a man to be industrious and systematic in providing for his own future and that of the loved ones dependent upon him?

Is there anything undignified about a business-like and confidence-inspiring statement regarding the various features of a bank's strength and dependability?

Is there anything undignified about advertising which promotes the best interests of the public by tending to make better citizens and to increase the active capital of the community?

It seems to me that it is just as sensible and dignified for a bank to advertise to promote these things as it is for a merchant to advertise the necessities and luxuries of everyday life.

But now I come to the objection which if it cannot be satisfactorily answered in your individual case, is a sufficient reason for you not to advertise.

It is the matter of cost in relation to results, which is the crux of the whole situation.

This is a question which every institution has to decide for itself, but it should be decided only after a fair trial under the best conditions.

You bankers know what investments are legal for your banks.

You know what the income from these investments is.

You know what your reserve requirements are.

You know what interest you pay on deposits.

Now, the question is, Does the margin between income and outgo warrant your paying out good money to bring in additional deposits?

In answering this question, of course, the banker is bound to look at the subject in a broad way and consider that advertising is cumulative in its effect, that an account, once opened, probably will grow year by year, and that the word-of-mouth advertising of depositors is likely to bring additional depositors from among their relatives and friends from time to time.

Right here it is proper to state that there are many savings banks and savings departments of other banks which have found that good advertising pays them and they are keeping it up year after year.

Inasmuch as actual results form the ultimate test of the value of advertising, the importance of right methods and mediums cannot be overestimated.

The man in charge of the advertising of a bank ought to be a good buyer. He ought to be able to get the best rates possible in making space contracts with newspapers. He ought to insist on getting good position for his advertisements. He ought to know a good deal about paper, engraving and printing so that he can get the best bargains from the printer in getting out booklets or circulars.

But the matter of "copy", that is, the text and illustration that go into the space in newspaper or booklet, is of the greatest importance of all. The man responsible for a bank's advertising ought to know what good copy is and either be able to produce it himself or know when he is getting it from another source.

Your advertisement must be in a good position and well displayed or you will lose part of the circulation you are paying for. But if the advertisement itself is not convincing, the good position and display is only much ado about nothing, as the general publicity derived from the mere use of the bank's name is of little more benefit from an advertising standpoint than the bank's fine building on the conspicuous corner—a good reminder, it is true, for the person who has already made up his mind to save, but of little value to the many who have never thought seriously about saving money and depositing it to draw interest.

The savings bank has more right to expect satisfactory results from advertising than has any other financial institution, because, when you stop to think about it, is

YOUR BANK'S BUSINESS

Should be done with banks that show steady, consistent progress. A bank that has gone ahead steadily and surely, the business you stand with strength, this and others:

During the past ten years the deposits of this bank have increased as follows:

April 29, 1901

\$1,111,111.00

April 29, 1902

\$1,111,111.00

April 29, 1903

\$1,111,111.00

April 29, 1904

\$1,111,111.00

April 29, 1905

\$1,111,111.00

Your surplus or reserve funds, advertised with us will receive as high a rate of interest as good banking will allow.

Your advertisements sent us will be handled with promptness and efficiency.

Your consideration with us will receive the benefits of our experience of 21 years of successful banking.

Let us show you the advantages of doing business with us. They are worth your while.

THE BANK of BATON ROUGE

The Oldest and Largest Bank in Central Louisiana.

A GRAPHIC STATEMENT

To Net 6 Per Cent.

We offer at par and interest a Two Year 6% secured Note of a prosperous public utility company operating in ten rapidly growing communities. The security for these notes represents an actual cash investment equal to 165% of the total issue.

Ask for our Circular B-844

**Guaranty Trust Company
of New York**
28 Nassau Street

Capital \$5,000,000 Surplus \$18,000,000
Deposits . . . \$133,000,000

Diversified Investment

This Company suggests to careful investors the advisability of dividing their funds among bonds of various classes, in this way obtaining a well diversified investment. Investments made in this manner will possess the individual qualities of the respective classes in combination, thus making the investment well balanced. For instance, we own and offer a 5% railroad bond, a 6% short term note, a 4½% equipment bond and a 6% industrial bond netting at present prices

**An Average Yield of
Over 5.35%**

We will furnish particulars of these on request.

Ask for our Circular D 142

**Guaranty Trust Company
of New York**
28 Nassau Street

Capital and Surplus, \$23,000,000
Deposits . . . \$133,000,000

TWO GOOD MAGAZINE ADS

it not true that the possible number of customers of a savings bank is greater than that of any other financial institution? Everybody who earns more than enough money for the bare necessities of life is a possible savings bank depositor, and practically every such person reads newspapers, which are undoubtedly the best mediums for savings bank advertising.

The best copy for savings bank advertising contains a lot of what newspaper editors call "human interest".

It is copy that strikes a responsive chord in the heart as well as in the mind of the reader.

Do you know that the great majority of persons—men as well as women—act more frequently because of some feeling or emotion rather than as the result of cold reason or logic?

There are many feelings that a skilful writer of savings advertisements can appeal to in his copy. Here are a few examples:

Fear This is very potent. You can excite in your readers fear of dependence in old age; fear of helplessness when accident or illness comes and there are no savings to tide over the time of trouble.

Ambition This is especially appropriate

in appealing to young men just starting out in life. It is easy to show them how important it is to save money to be ready for opportunities, and that the pathway of thrift has been trod by practically every man who has ever become financially successful through his own efforts.

Pride This is somewhat akin to ambition. It is the feeling which will make a man save and get ahead because he wants to do as well and make as good an appearance as his neighbor does.

Hope The poet is authority for the statement that "Hope springs eternal in the human breast." Dr. Munyon also says something to the same effect, but the savings bank advertiser can truthfully hold out hope of better times to the man who saves his money.

Love This is, of course, the strongest and most worthy emotion of all. It can be used in savings advertising as a reason why a young man should save to make his marriage possible; it is a fit argument to advance in urging a married man to save money to build or buy a home for his loved ones; to save money to give his children an education and a better opportunity in life than he had himself; or to brighten

the declining years of his parents or other near relatives.

The material for savings bank advertisements is almost inexhaustible. The man writing them has the whole range of history, biography and current events to choose from, to say nothing of his own experience and observation.

When he exhausts his own vocabulary, there is a wealth of material in the sayings of prominent and successful men on the subject of thrift.

Andrew Carnegie and John D. Rockefeller are good for a dozen advertisements each, and what they say on the subject of thrift and success has special weight as they both started out poor and yet became immensely rich. James J. Hill, John Wanamaker, Marshall Field, Roosevelt, McKinley, Lincoln, Gladstone, Bismarck, Dickens, Franklin, and scores of others equally great and equally worthy of emulation, are on record as believing thoroughly in systematic thrift, and a quotation from such authorities is always effective in an advertisement.

As models of human interest in advertising, I refer you to the advertisements of the leading correspondence schools which you have doubtless observed. Inasmuch as these advertisements appeal to the same

class of people as savings banks and use the kind of arguments, to a large extent, that savings banks should use, they are quite worthy of your study.

The savings bank advertiser who keeps his eyes open can find a great deal in current news and magazine articles which he can use. For example, in this month's issue of "Success" there is an article by one of the editors on "An Old Man Looking for a Job." There is a good deal of pathos in this article and it could be used as a text for a stirring advertisement on the wisdom of saving before earning power ceases.

Perhaps I can scare you non-advertising savings bank men into a realization of the wisdom of giving advertising a fair test in your business if I mention the possibility of the Postal Savings Bank system extending to such a point as to make advertising on your part a necessary measure of self-preservation.

Now is the time to get advertising experience and, incidentally, to build prestige for your institution so that the public will have confidence in you and not desert you and sacrifice $1\frac{1}{2}$ per cent. or 2 per cent. interest for the sake of putting their savings in charge of Uncle Sam, who does not need to advertise.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE advertisements of the German American Savings Bank of Los Angeles reproduced in this department will repay close study on the part of all bankers interested in advertising.

These advertisements were shown to the members of the New Jersey Savings Banks Association at their recent meeting and they excited considerable interest, as there are no savings banks in New Jersey that do any advertising like that.

Mr. H. W. Clough, advertising manager of this bank, wrote us in regard to the advertising as follows:

In compliance with your request, we are to-day mailing you, under another cover, the booklet "Little Stories About a Big Bank."

We have also included more recent examples of our literature, and a few newspaper clippings illustrating our present style of advertising.

The "Little Stories" series was run in our local newspapers during the fall and winter of 1908 and 1909. They brought excellent results, and would have been continued, but for the fact that another local advertiser began to imitate them. In fact, we are obliged to change our advertising methods

continually, owing to the fact that other advertisers, consciously or otherwise, adapt our work.

By referring to our statement herewith, you will see how fast deposits in this bank are growing. This growth is due in part to the constant growth of Los Angeles—but, of course, our advertising is the leading factor.

Since the first of the year, when this statement was issued, our deposits have increased about \$1,700,000. Depositors number more than 37,000, and we have averaged about 1500 new accounts each month of 1911 to date.

How important we consider our advertising may be gauged by the enclosed clipping of one of our recently published announcements.

This is a splendid tribute to the effectiveness of bank advertising when conducted with intelligence and courage.

We reproduce the advertising platform of the bank referred to above and also that of an Englewood, N. J., institution, as expressed in special advertisements published.

"My daughter will begin her college course this Fall," said one of our Depositors to an Officer of this Bank recently.

This Depositor was personally known to us as a man in moderate circumstances.

He has a large family to support and is also paying for his home in monthly installments.

"You must have had a windfall," we said to him.

Such was not the case, however. This is the story he told us.

"When my girl was a youngster, her mother and I planned to educate her.

"My wages were small and we had little or nothing. But we determined to put away five dollars every month, good times or bad, toward the Daughter's college fund.

"It's been hard sometimes, but we have done it, regardless of our own needs.

"The money has been earning 4 per cent yearly. Interest has compounded, and the sum has grown rapidly.

"Now that she is ready for it, the money is ready for her—and enough to see her through."



Many parents are depositing money at this Bank to their children's names.

It's the best way for people in moderate circumstances to build up an Education Fund for their children.

The children benefit by it indirectly, too. It teaches them the value of thrift.

This Bank pays 4 per cent interest, compounded semi-annually, on "Term" deposits.

German American Savings Bank Spring and Fourth Sts.

A certain young carpenter was at the top of his trade. He always had plenty of work, got the best wages, was in habit and action what you would expect in the highest type of intelligent workmen.

His friends called this young fellow a "good provider." He spent his money freely for his wife and children, almost as soon as he earned it.

His wife was a thrifty woman. His free spending worried her. She got him at last to turn over to her each week the larger part of his wages.

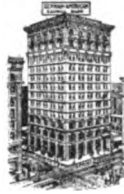
She thought she could make the money "go further" than he could.

Hard times came along.

Work became less. The young carpenter had enough for a while, but soon he had none.

It was a situation many workmen had to face, but few were as lucky as he.

His wife had made the money "go further." She had put some of it away in this Bank each week.



This was enough to carry the little family through the period of depression.

Many women are making the money "go further" by depositing in this Bank each week a part of the family earnings. Thus their money is not only safe, but it earns interest, and is available when required.

Married women may open accounts in their own names with this Bank. A Joint Account may also be opened by Husband and Wife.

This Bank pays 4 per cent interest on "Term" deposits, compounded semi-annually.

German American Savings Bank Spring and Fourth Sts.

TWO OF A SERIES

It is a good plan to take the public into your confidence in this way occasionally, especially if you are prepared to make good on promises made in the advertising.

Right along this line is an idea carried out by Arthur S. Cory, cashier of The Chehalis National Bank of Chehalis, Wash. He sent out a printed letter reading as follows:

THE CHEHALIS NATIONAL BANK.

Dear Friend,

Will you do us a favor?

Three hundred representative men and women of Chehalis and Lewis County are receiving this request for information and advice concerning our advertising department. We realize it is hard for those behind the counter to always get the viewpoint of the public in regard to financial advertising.

Ever since organization over two years ago, this bank has expended considerable sums in various forms of local publicity, and to this cause we attribute part of our splendid growth and increase in business. During the past year, we have doubled our business; have built and equipped a modern banking house with all conveniences and safeguards; have the best of vaults and vault doors; have rented many safe deposit boxes, and, in short have realized considerable success.

Nevertheless, the question arises, Is our advertising a success? If not, why not?

Although rather unusual, we court a frank and free expression of your opinion and request you to answer and return in the enclosed stamped envelope the attached list of questions. It is hardly necessary to assure you that your reply will be private and confidential, and will be shown no one. We solicit criticism rather than praise.

As a slight return for your attention and trouble, we beg to enclose a little coupon, with our compliments, which we trust you may decide to use.

Thanking you in advance for this favor, I am

Very truly,

ARTHUR S. CORY, Cashier.

The questions asked on a perforated sheet attached were:

Do you read our advertisements in the Advocate?

Do you read our advertisements in the Bee-Nugget?

In which paper will an advertisement do the most good?

Do you read the Lewis County Financial News?

In what way could our ads. be improved? What feature of banking do we neglect to explain?

What other means of publicity would be of value besides newspaper advertisements?

Concerning what lines or topics would you suggest ads be written?

Mr. Cory writes:

We enclose advertising matter for criticism. We have not had time for the ans-

wers to come in to the letters as yet, so do not know the result. Its purpose was varied—to find if people read the ads., to get them to read them in the future, to call attention to our growth, and to rent boxes, was all in mind.

Will be pleased for answer and suggestions for improvement in the same, to be given in the magazine.

The copy of one of the newspaper advertisements submitted is as follows:

FAKE INVESTMENTS

Always promise sure returns and large profits. Investors will save money by not heeding the plausible persuasive arguments of the stock salesman. BEWARE the scheme where the promoters get the profits and the investors "hold the sack." Abso-

WHY WE ADVERTISE

We advertise because we want more business, and because we want the people to know that we are well equipped to take care of their financial affairs.

It Pays: because advertising this bank has helped to make it one of the strongest banks in the State of New Jersey.

Other banks have followed our lead, have discarded their stereotyped cards, formerly used, and are utilizing space to tell the people what they have to offer.

We are glad of this, not only because we welcome intelligent and progressive competition, but also because we believe that the more bank advertising a community is treated to, the more rapidly will its population become frugal and independent.

"BANK BY MAIL."

The Citizens National Bank

OF ENGLEWOOD, N. J.

DONALD MACKAY, President	CLINTON H. BLAKE, Vice-President	A. CORNELIUS, JR., Cashier
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Waynesboro, and a series of folders and cards covering Checking Accounts, Interest Accounts, Safe Deposit, Banking By Mail, How to send Money Away, and a card of appreciation for the business given the bank. This bank is now on the Bank Advertising list.

Following is a strong letter from a strong bank:

THE MERCHANTS NATIONAL BANK.

Dear Sir:

At this time, when there is so marked a tendency to concentrate funds lodged in this centre, is it not worth while to consider the desirability of doing at least a part of your

The Bank with the Efficient Service



The Advertising

Of this Bank may be considered the direct expression of its Officers to the Public at large. Every advertisement published is the result of mature thought. Every statement—every sentence and every word are carefully considered and passed upon by at least two Officers of this Institution.

This is brought to your attention in order that you may realize the importance we attach to these public statements of policy—and their absolute reliability.

It also emphasizes the care and thoroughness with which every activity, large or small, of this Bank is conducted. Everything is important—and treated as such.

Is it not a matter of good sense to place your money with an Institution that gives due consideration to every detail of its business?—That looks so carefully to its credit as to its loss?

Accounts opened at New York, New York, New York—these latter with checking privileges, under moderate restrictions. International remittance given at 10% discount, or by letter, if you wish. We advise you to call or write.

Perfect Safe Deposit Facilities
Around the World Tours arranged by our Steamship Department

German American
Savings Bank
SPRING STREET 575 LOS ANGELES

ANNOUNCING THE ADVERTISING PLATFORM

lute safety and 4 per cent. interest is better than big promises and total or partial loss of investment. Your deposits with us are under the care and attention of the government of the United States.

Your business solicited.

THE CHEHALIS NATIONAL BANK.

This is a good line of talk. The copy of Mr. Cory's ads. is O. K., but typographically they could be improved by using less rules and odds and ends to fill up spaces.

The First National Bank of Gouverneur, N. Y., issues a folder, explaining "What is a Certificate of Deposit." It is illustrated with a reduced-sized reproduction of a certificate.

The Peoples National Bank of Waynesboro, Pa., sends us a collection of its advertising matter which includes: A good statistical and descriptive booklet on

New York business (as an anchor to windward) with an entirely independent institution?

During the period in which the tendency to consolidate has been rife, this bank has maintained its individuality independent of the control of any single interest, and its affairs are under the management of its directors and officers for the benefit of its whole clientele.

In times of stress we do not have any "interests" to "take care" of and our resources are then available for all of our customers to the extent of their responsibility.

We enclose a copy of our last statement, with a list of our directors. These names and figures will emphasize to you our relative strength and conservative management.

We are proud to still have as customers a number of banks with whom we have cordial relations for over one hundred years, and we should be pleased to have your institution among the number. I remain,

Very respectfully yours,
JOSEPH BYRNE, Cashier.

Mr. John W. Wadden, vice-president of the Lake County Bank of Madison, S. D., writes:

I am enclosing for your criticism a folder recently sent out by this bank.

This advertisement is not wholly original with the writer, the idea and some of the material having been gained from an advertisement which appeared in your department some time ago. This advertisement was accompanied by a criticism, together with some very good suggestions by you. This the writer has made use of. I am also enclosing some blotters used in our follow up system. Assuring you that we appreciate, and derive much benefit from your department, I remain, etc.

The copy on this folder is arranged as follows:

This speaks for itself. Mr. Cory is an apt pupil.

The blotters submitted are good, especially one printed in fiery red, and with the headlines "FIRE! FIRE!" to advertise safe deposit boxes.

Among the good house organs received this month are: "The Savings Depositor," Security Savings Bank, Los Angeles, Cal.; "The Solicitor," Wachovia Bank & Trust Co., Winston-Salem, N. C.; and "The Marble Bank Monthly," Union Trust & Savings Bank, Spokane, Wash. The latter publication contains this interesting answer to the question, "What is a 'Tight Wad?'":

A recent news item from a Kansas town

WHY THIS BANK OPENED 250 NEW ACCOUNTS IN ONE YEAR

FROM APRIL 1, 1910, TO APRIL 1, 1911

STRENGTH The strength of this bank lies not alone in its large Capital and Resources, but in the Character and Responsibility of the men who conduct its affairs.

SAFETY This bank always keeps a Reserve considerably in excess of all the requirements of the laws of the State of South Dakota.

COURTESY Polite and painstaking attention is shown to every depositor, large or small—it is no trouble for us to explain any feature of our service.

SMALL ACCOUNTS The smallest account is accorded the same advantages that are given the largest. No account too small to receive a courteous welcome.

EASY TO OPEN AN ACCOUNT The opening of an account here is as simple as the most commonplace business transaction. Let us tell you how easy it is to begin banking with us.

LAKE COUNTY BANK

reports the formation by twenty-five high school girls of the "Anti-Tight-Wad Club." The purpose of the club is to institute a boycott upon stingy young men. The tender age of the club members makes the subject worthy of consideration only as to the extent which their opinions are likely to have upon the young men, or rather boys, of their set, and the influence which they may exert upon their future actions. Boys of that age, unless of wealthy parentage, are not in a position to spend much money on anything, as they are with very little earning capacity, and if these young misses are endeavoring to incite extravagance in their youthful swains, they are doing them one of the greatest injuries imaginable.

Many a man has had years of regret over wasteful habits, which had their start in the fear that someone, particularly the girl of his youthful admiration, might think him a "tight-wad." Much better would it be for the girls to commend and encourage economical habits and form clubs for the purpose of selecting classes of amusements which do not involve the spending of money by the boys, and to establish a boycott against the young fellow who cannot show a Union Trust & Savings Bank pass book with a growing balance in it.

After all, the boy worth while is the one who has common sense enough to realize that youth is the time to form the habits that make a man, and fortunate indeed is he if he has a girl friend or two who will encourage him in establishing habits of thrift. And when it comes to the more serious side of choosing a partner for life the girl who can "pick and choose" is the girl who has proven that she will be a help and not a hindrance to a young man's ambitions.

The Home Savings Bank of Greensboro, N. C., prints on a card this anti-hoarding argument:

Put a ten-dollar bill in an old stocking and keep it there twenty years. Then take it out and see what you will have. Put a ten-dollar bill in this bank at interest and keep it there twenty years. Then take it out and see that you will have \$21.36. It's the difference between hoarding and saving. Men have made millions by saving. No man has ever made a penny by hoarding.

The Bank of Coney Island, Coney Island, New York City, uses a combination letter-head, statement folder and advertising circular. Cashier H. M. Jefferson says of it:

This is not our stationery but a form of advertising we are using at the present time. We write some rather short, direct, personal letters, signed individually to the people in our neighborhood whom we would like to have as depositors, and follow these letters with subsequent pointed facts.

We think your advertising exchange is an excellent idea and I wish you would add my name to your list.

Some of the arguments used on the folder are these:

Reasons Why You Should Bank With Us.

If you bank in the city and deposit daily you are subject to

- 1.—A loss of two hours per day.
- 2.—A loss of \$1.20 per week for carfare.
- 3.—The risk of carrying large sums of money.

If you bank with us you save these losses and in addition you gain

- 1.—The many conveniences afforded by the bank.
- 2.—Quick returns on your collections whether foreign or local.
- 3.—The assurance that your local bank is in a better position to assist you in case of need.

Are these facts worth considering?



ADVERTISING CO-OPERATIVE BANKS

HOW IT CAN BE DONE MOST EFFECTIVELY

ADDRESS by G. R. Glendining, before the Co-operative Bank Secretaries Club of Massachusetts, Saturday, April 11, 1911:

I know comparatively little about co-operative banking. You will say that this is my misfortune—and I agree with you—but I add that it's your fault and I hope to make you agree with me.

Up to a few years ago I lived in a state where there are no co-operative banks, the nearest approach being building and loan associations, and they are far from being the success that you gentlemen have achieved under your splendidly developed system.

My work has brought me more or less in touch with your profession and I have been

amazed at the splendid opportunities you have to offer the people of this Commonwealth. You show them how to save, why to save and you safeguard their savings so effectively that—I think I am correct in stating—no one has ever lost a dollar through a Massachusetts co-operative bank.

You are a semi-benevolent, wholly mutual institution. Your banks have grown wonderfully as a natural result of excellence, but I can't help feeling that this growth can be stimulated and increased many times over.

I have sought information about co-operative banking and have found it, but, gentlemen, I had to seek it.

Now, on the other hand, I am having thrust before me every day schemes for investment—gold bricks and rosy dreams—whose principal asset is the space they are

able to buy in the papers,—and their persistency.

"UNDIGNIFIED" NO LONGER AN EXCUSE.

Doubtless you will say that it is beneath the dignity of bankers to enter into competition with such schemes. I will grant you one point. Not many years ago, advertising was considered bad form, if not really

revolutionary, for banks and bankers considered at the best that advertising was a waste of money and most undignified.

Perhaps the fact that advertising was not then the developed science that it has since become, was the cause of this attitude, but this is no longer an excuse, because I assure you—with all of an advertising man's inherent modesty—that advertising is now a developed science and a mighty power.

GOOD ADVICE

The average man has occasion to seek safe and profitable investments for his surplus funds.

At such times the experience and facilities of this bank are placed at your disposal and you can receive, free of charge, advice without which you might fall into a mistake entailing heavy loss.

UNITED NATIONAL BANK

OFF. POST OFFICE

HELP WHEN NEEDED

You may never need a loan from the bank, but when you keep a bank account in a reliable institution like this you have the use of all its facilities, the benefit of the advice and suggestions of its officers, and then if you do need loan accommodation at any time it is yours for the asking.

UNITED NATIONAL BANK

OFF. POST OFFICE

DEVELOPING BUSINESS

No really progressive firm is too rich or too prosperous to dispense with banking accommodations.

The smaller the business the greater its need of a strong banking connection which will enable it to do a business worth while.

UNITED NATIONAL BANK

OPPOSITE POST OFFICE

GENUINE CO-OPERATION

This bank enters into the SPIRIT of its customers' wishes and requirements and gives due consideration even to minor wants, or complaints if there are any. You are assured of courteous consideration of your requests even if it is not practicable to grant them.

UNITED NATIONAL BANK

OPPOSITE POST OFFICE

MERCANTILE CREDIT

Following is an extract from a mercantile report:—

Among the trade he stands well, and his bank speaks well of him. He can be relied on to do what he promises.

This calls attention to the importance of maintaining a bank account and letting your banker find out how dependable you are.

UNITED NATIONAL BANK

OFF. POST OFFICE.

CONSTRUCTIVE BANKING

That expresses the working spirit of the United National Bank. Our success is a measure of our depositors' prosperity.

Therefore, we do all in our power to serve them well, often going out of our way to help customers with their own business problems.

UNITED NATIONAL BANK

OFF. POST OFFICE

SPECIAL SERVICE

The officers and directors of this bank consider it part of their duty to give depositors the benefit of their experience in financial affairs.

We are especially glad to be of service to women and others inexperienced in money matters.

THE UNITED NATIONAL BANK

OPPOSITE POST OFFICE

SOUND MANAGEMENT

Few men ever make a large success in business without the aid of some bank.

The Directors of this institution are successful business men who bring to the direction of the affairs of the bank a wide and diversified experience, which is a guarantee both of sound management and of the ability to give genuinely helpful service to customers.

United National Bank

Opposite Post Office.

THE BANK A NECESSITY.

In the conduct of business the good bank has come to play a vital part.

Many small businesses have become strong and prosperous through wise banking connections, which put them in a position to enlist the services of more capital at opportune times.

UNITED NATIONAL BANK,

Opposite Post Office.

HOUSEHOLD ACCOUNTS

A checking account is a great convenience and a means of economy for the householder.

We have quite a number of household checking accounts on our books, and we know that the checking privilege has been a very great advantage to the households maintaining it.

UNITED NATIONAL BANK

OFF. POST OFFICE

USING THE BANK

The business man who clearly understands how to use the bank has a great advantage over those of his competitors who do not have this understanding.

This bank is sincerely anxious to help its customers because it realizes that the interests of the bank, its customers and the community are common.

UNITED NATIONAL BANK,

Opposite Post Office.

A BANKING EQUITY

ANY business maintaining a bank account with a fair balance has a "banking equity"—that is, a right to borrow from the bank in proportion to the value of the account it has maintained.

This bank wishes it understood that all worthy business loans will receive our careful consideration.

UNITED NATIONAL BANK

OFF. POST OFFICE

The history of its growth is interesting,—but too long for me to trace now. It is sufficient to say that advertising has reached its highest plane in educational advancement and, in this form, embraces bank advertising.

Recent improvements in banking methods, new systems, mechanical appliances, etc., have materially reduced the cost of handling bank accounts and you co-operative bank managers have still further reduced this economy to a science.

You are in a strong position and one from which you can and ought to enter into competition with illegitimate schemes, designed purely to rob the people you could serve.

I wish with all my heart that you could see some of the questions that come into our office concerning so-called investments. These letters are from sensible people. They are not fools. They can pick and choose, most of them, and can tell the good from the bad, but the trouble is they are not given the same opportunity of getting in touch with legitimate forms of saving and investing that they are given of hearing about what the sharks offer.

A SUSCEPTIBLE AUDIENCE.

Taking this matter from its moral plane and reducing it to a pure business argument, does it not stand to reason that if the papers afford an audience that is interested or capable of being interested in these lightweight propositions, that same audience would be susceptible to the arguments which you people could put up?

Now if this has appealed to you gentlemen at all, I know it has brought up one question—that of expense. I know that the very nature of a co-operative bank demands every possible economy in management. Let me make two comments. The first one is trite—advertising of the right sort is not an expense. The second comment is, your principal strength in this advertising line lies in co-operation. You are not hostile competitors of each other. On the contrary, the broad principal of your business is one of the common good and—to get right down to the subject of co-operative bank advertising—your advertising plan must be one of a co-operative and educational nature.

ADVERTISING POINTS.

The advertisable points in your business are numerous enough and strong enough to make an advertising man's mouth water.

You are operating in the most worthy cause of, primarily, aiding a man in getting a home of his own. You show him how and encourage him. You fill a place that no other bank or organization fills. You can keep a man out of the hands of unscrupulous money lenders, but the only trouble is, there are too many men who don't know about you and what you can do for them and your only way of reaching them is by advertising.

You people combine the best features of insurance and banking and you can use much of the same kind of advertising matter. As a competitive point with some forms of insurance, you should bring out the non-forfeiture features of your shares, for there are too many forms of insurance where, if a man neglects to pay his premiums, he loses all that he had put in.

Let me repeat that your advertisable points would make the strongest kind of copy, and in making your copy strong, there need be no loss of dignity. Use the same arguments that you use when you are face to face with a prospective customer.

THE RIGHT KIND OF COPY.

Tell people why they should save, how you can help them save, and make a strong campaign on the point of compulsory saving. Many a man frankly admits that he would like to save money but can't as long as the money is where he can reach it too easily. These people would all be with you if they knew about you.

I tell you, gentlemen, you men on the inside who know all about the advantages of co-operative banking cannot possibly appreciate how many good prospects there are that are getting away from you.

Don't take my word for it. Take a day in your own town and get out on the street. Ask the first twenty-five men you meet what a co-operative bank is. Many of them will say they don't know. When you find a man who knows what it is, ask him why he isn't a member and you'll find that it's because his knowledge is so general that no one point has made a personal appeal to him.

Talk to him. You'll get him on the spot, for you have the arguments. Now you can't run your banks and be out on the streets doing missionary duty all the time.

I submit for your consideration a missionary or band of missionaries who can talk to one, ten or fifty thousand while you are talking to twenty-five people. I mean the public prints.

Write out the arguments that you used to that man on the street word for word—make it as long as you like. Turn it over to an advertising man or one of your members who has a bent in that direction, and let him boil it down to the vital, short telling sentences made necessary by restrictions of space at so much per.

CO-OPERATIVE ADVERTISING.

Then get together. Let each bank put in a few dollars—ten or twenty-five to start—take space in one or a few of the live advertising mediums, preferably mediums having a state-wide circulation. Run a series of these "educational argument" advertise-



A NEAT EMBLEM



A GOOD CANADIAN EMBLEM

AN EXPLANATION OF BANKING TERMS

Often used without thought as to their exact meaning



No. 1. — Sound Banking Methods:

Generally speaking, this means to conduct the business in a manner that will insure to every customer and stockholder the absolute safety and protection of every cent entrusted to the bank's care. This requires the making of loans and investments that are not only safe, but which can be turned into cash on short notice. This is the most important and vital part of banking business.

Strict adherence to Sound Banking Methods is one of the settled policies of the Bank of Buffalo.

No. 2. — Banking Accommodations:

This means the using of a bank's resources and credit in all honest, legitimate, practical business purposes in its own locality, as far as possible. A bank's first obligation in extending credit is to its own customers, whose accounts and financial standing warrant credit, and who at special seasons need loans to enable them to manufacture or market their wares.

Good bank loans are for short periods only. If they run for long periods they are classed as "Dead Loans," and a bank practically becomes a partner in its customer's business. The Bank of Buffalo is always ready to extend every Banking Accommodation to its customers that their accounts warrant.

No. 3. — Good Banking Service:

This means an efficient staff of well-trained men to meet and supply the banking requirements of its customers and the public, and to keep the records of the bank. Every modern equipment, convenience and up-to-date method for facilitating the business of the bank and its customers, thereby avoiding losses and delays. The prompt collection of checks, notes and drafts by the most direct routes, etc.

We furnish such Banking Service, and would be glad to have you try it.

WE INVITE YOUR ACCOUNT GOOD SERVICE SOUND BANKING
INTEREST PAID ON INACTIVE ACCOUNTS

BANK OF BUFFALO

BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources over \$10,000,000

ELLIOTT C. McDOUGAL, *President*
LAURENCE D. RUMSEY, *Vice-President*

JOHN L. DANIELS, *Cashier*
RALPH CROY, *Assistant Cashier*

ments, to occupy what space is needed, followed by a list of the banks—with addresses—that have subscribed to the advertisement. This will reach a large audience, will present the general arguments of co-operative banking, and will show the convinced reader the location of the bank nearest his home or business.

Make a feature of your mail order business. Your possibilities are great in this line.

Advertising has a broader scope than mere direct result-getting. It can be made educational and uplifting.

See how the cities and towns are using it. See how the big corporations are using it—the Boston Elevated, the Telephone Co., the United Shoe Machinery Co., and others of a like nature. They are all advertising to bring about a thorough understanding of what they are, what they are doing—and also to overcome unfair prejudices.

Don't judge advertising too hastily. Don't think or say to the advertising man who comes to see you "Oh, yes, that's pretty good hot air." Dig below the surface. Realize that advertising is a potent force in the development of business. Analyze it in the same careful way you analyze loans you are called on to make. Get at its side that has a direct bearing on your own particular business.

CIRCULARS SECONDARY TO NEWS-PAPERS.

Some of you—perhaps all of you—have been successful in attracting new business through booklets and circulars. Keep it up and increase it. But your circulars go only to a selected list. Supplement this by using the same arguments in space advertising that will be spread over a broad field, for no selected list can adequately cover the possibilities of your business.

There is just one other point that I want to make. Advertising is not only a business getter and an educator, it is a double insurance against losing any of your present customers.

A man sees an advertisement of "his bank" in a paper. He feels a pride in it. If he has been delinquent in his payments, it serves to jog his memory. If he is with a friend he calls the friend's attention to the advertisement and sows good seed, and if he has been thinking of dropping his shares, perhaps the very argument that appears in that advertisement may make him change his mind.

In your advertising, spread the story of your growth.

Comparative figures, if not too complex, are good advertising. Make a point—and a strong one—of the fact that the money deposited with you is put out in the development of the community you serve.

In closing, let me suggest that you establish, if you haven't already done so, a publicity bureau right here in your club. Get up readable articles on co-operative banking and send them around to the papers. Such matter has a news value and some of it at least will be used, for the papers are interested in any campaign which they know is designed to benefit the public.

BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list by writing to the editor of this department.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

Stuart Wilson, Cashier, State National Bank of Texarkana, Ark.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

H. M. Jefferson, Cashier, Bank of Coney Island, Coney Island, N. Y.

W. J. Konmmer, cashier, Union Trust & Savings Bank, Spokane, Wash.

TAKEN WITH THE IDEA.

I am very much taken with the "Booklet Exchange" idea, as given in your department in the May number of *BANKERS MAGAZINE*, and would like to "get in" on the list. Please see to it and greatly oblige

W. R. Dysart, Asst. Cashier,
The First National Bank, Ripon, Wis.

AFFORDS HIM PLEASURE.

It affords me a great deal of pleasure to be able to exchange ideas with other banks and I feel you are to be congratulated upon conceiving the idea of an exchange department and as you have reminded us not to overlook you, the "triangle" will be complete so far as I am concerned.

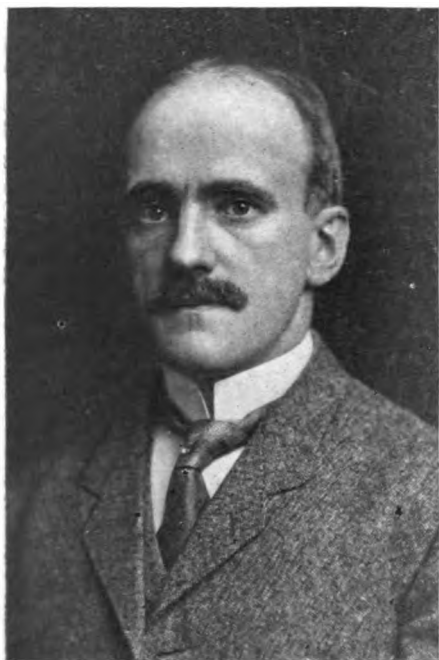
R. B. Parrish, Cashier,
Mingo County Bank, Williamson, W. Va.

NEW YORK STATE BANKERS' ASSOCIATION AT MANHATTAN BEACH, JUNE 22 AND 23

PRESIDENT TAFT APPROVES THE PROPOSED NATIONAL RESERVE ASSOCIATION

MORE than 200 men of finance assembled on June 22 at the Oriental Hotel, Manhattan Beach, for the eighteenth annual convention of the New York State Bankers' Association.

At 11 A. M. the session was called to order. Proceedings were opened with a prayer by the Rev. James M. Farrar, D.D.,



WALTER H. BENNETT

CASHIER OF THE AMERICAN EXCHANGE NATIONAL BANK OF NEW YORK. ELECTED PRESIDENT NEW YORK STATE BANKERS' ASSOCIATION.

pastor of the First Reformed Church. President Luther W. Mott, who was in the chair, welcomed the delegates and delivered the president's annual address, in which he thanked the members of the association for their helpful co-operation. He was followed by Secretary William J. Henry, who gave a report indicating progress.

"Progress in Banking," a forceful address by Joseph T. Talbert, vice-president of the National City Bank in Manhattan, was the feature of the opening session of the convention.

Mr. Talbert paid a high tribute to Controller of the Currency Murray, who, he said, had steadily labored for the improvement of banking conditions. He also advocated self-inspection by banks—or in other words, the maintenance by these institutions of their own examiners, to go over the books from time to time.

Walter H. Bennett, vice-president of the American Exchange Bank, was nominated for the presidency of the association. Cornelius Pugsley was nominated for vice-president; E. L. Millmine, treasurer, and William J. Henry, secretary.

Thursday afternoon was given up to the entertainment features of the convention.



I. E. COGSWELL

AN EX-PRESIDENT OF THE NEW YORK STATE BANKERS' ASSOCIATION, PRESIDENT NEW YORK STATE NATIONAL BANK, AND VICE-PRESIDENT OF THE ALBANY SAVINGS BANK, ALBANY, N. Y.



ANNUAL DINNER NEW YORK BANKERS' ASSOCIATION, ORIENTAL HOTEL, JUNE 22, 1911.



SPEAKERS' TABLE, NEW YORK STATE BANKERS DINNER, ORIENTAL HOTEL, JUNE 22, 1911.

THE BANQUET.

On Thursday evening, June 22, before a gathering that included some of the most prominent bankers of New York State, President Taft declared himself in favor of the Aldrich currency reform plan. Over 1500 bankers and their guests were served. Seated at the guests' table with President Taft were Attorney-General Wickersham, Congressman Martin W. Littleton, Controller Prendergast and the Right Rev. Mgr. Edward McCarty, of St. Augustine's R. C. Church.

After pointing out the weakness of our present banking system, the President told of the appointment of a commission headed by ex-Senator Aldrich to consider the adoption of a feasible plan for banking institutions.

President Taft's Address,

I am glad to have the pleasure of meeting a body of men whose ability, experience, knowledge and correct methods of business have everything to do with the prosperity and morality of the business community of the State of New York and of the country.

Financial questions are perplexing and elusive ones. They are alluring as well. I do not know any subject which in the past has involved so bitter a discussion, has prompted so many different opinions among men skilled and unskilled, learned and unlearned, as that concerning the currency and banking.

We have now more than 7,000 national banks, with a requirement that each bank shall hold twenty-five per cent. of its deposits to meet its obligations to its depositors.* The minute that the call for cur-

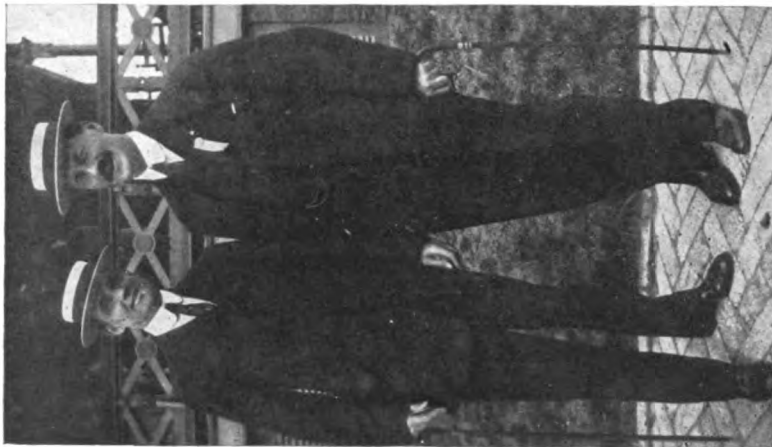


WILLIAM J. HENRY, ENERGETIC SECRETARY OF THE ASSOCIATION, TALKING WITH CAPTAIN BALDWIN, BUILDER OF THE AEROPLANE WHICH MADE SUCCESSFUL FLIGHTS FOR THE BANKERS AT MANHATTAN BEACH.

*The President evidently had in mind the reserve requirements for national banks in the reserve and central reserve cities. For other banks the requirement is fifteen per cent.—Editor.



J. A. KLOEPFER, PRESIDENT UNION STOCK YARDS BANK, BUFFALO, SNAPPED ON BOARD THE "SAGANORE" OFF SEVENTY-SECOND STREET, NORTH RIVER, FRIDAY, JUNE TWENTY-THREE.



WILLIAM A. LAW, FIRST VICE-PRESIDENT FIRST NATIONAL BANK, PHILADELPHIA, AND JAMES H. PERKINS, VICE-PRESIDENT NATIONAL COMMERCIAL BANK, ALBANY, N. Y.



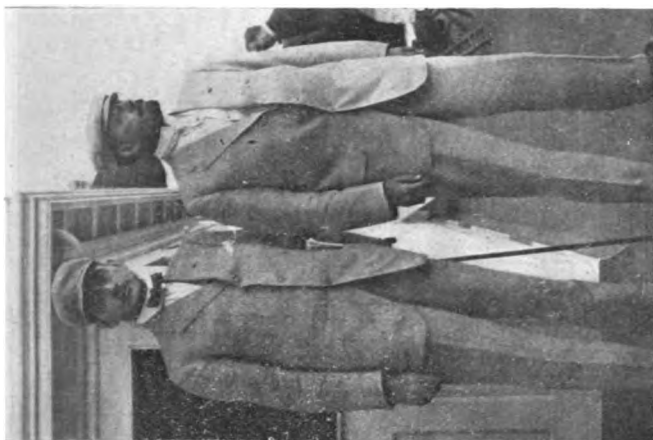
L. W. KNOWLES
OF THE LIBERTY NATIONAL BANK, NEW YORK CITY. TAKEN ON THE TRIP AROUND MANHATTAN.



JAMES P. ROACH, REPRESENTING THE AMERICAN EXCHANGE NATIONAL BANK, NEW YORK CITY, AND A. W. SNOW, ASSISTANT CASHIER OF THE GARFIELD NATIONAL BANK, NEW YORK CITY, RECENT FELLOW-WORKERS IN THE GARFIELD, HOLDING A REUNION IN FRONT OF THE ORIENTAL HOTEL.



RAYMOND B. COX, AUDITOR OF THE FIRST NATIONAL BANK, BALTIMORE—THE NEXT A. L. H. PRESIDENT—AND ALEXANDER DUNBAR, CASHIER, EXCHANGE NATIONAL BANK, PITTSBURGH.



E. R. FANCHIER, VICE-PRESIDENT UNION NATIONAL BANK, CLEVELAND, AND CHARLES A. HINSCH, PRESIDENT FIFTH-THIRD NATIONAL BANK, CINCINNATI, VIEWING NEW YORK'S SKY-LINE FROM THE HURRICANE DECK OF THE "SAGAMORE" ON ITS TRIP DOWN THE HUDSON.

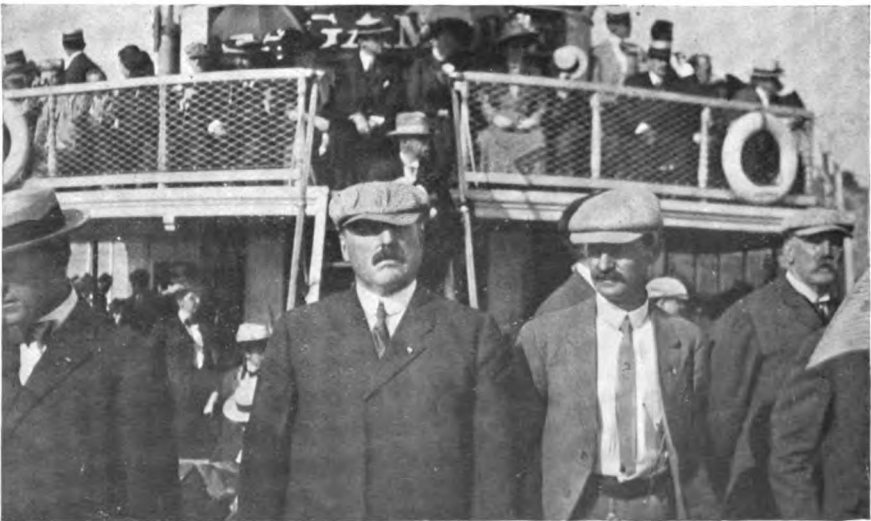


STEAMER "SAGAMORE" APPROACHING ONE OF THE NUMEROUS DRAW-BRIDGES IN THE HARLEM RIVER. ASSISTANT SECRETARY OF THE AMERICAN BANKERS' ASSOCIATION FITZWILSON AND ALEX. D. CAMPBELL IN THE FOREGROUND.

rency becomes greater, and the probable difficulty of securing it threatens, each bank prepares to weather the storm and enters into competition with every other bank to increase its available cash resources and, thus there is at once added to the original cause for inadequacy the necessarily embarrassing demand for more currency by each bank.

Another difficulty is in the making of the money in circulation correspond to the

actual and conservative needs of trade. The lack of correspondence between the general public need for issue or withdrawal of bank notes, and the special motive and profit of each bank in issuing such notes, is perhaps not so great as that between the public need for the concentration of reserve currency at particular places and for particular purposes and the actual result in respect to the reserve as influenced by the interest of particular banks under the present system.



PLEASURE BOAT "SAGAMORE" ON TRIP AROUND MANHATTAN. ALEX. D. CAMPBELL, ASSISTANT CASHIER OF THE HANOVER NATIONAL, NEW YORK, AND WILLIS D. NASH, PRESIDENT OF THE MERCANTILE NATIONAL OF NEW YORK, IN FOREGROUND.



EDWIN IRVINE HAINES, ASSOCIATE FINANCIAL EDITOR OF THE NEW YORK "GLOBE"; W. G. JOLLY, TRANSIT MANAGER TRADEMEN'S NATIONAL BANK, PHILADELPHIA; F. A. CRANDALL, VICE-PRESIDENT NATIONAL CITY BANK, CHICAGO; LOUIS N. SPIELBERGER, CASHIER UNION NATIONAL BANK, PHILADELPHIA; ALFRED M. BARRETT, ASSISTANT SECRETARY GUARDIAN TRUST COMPANY, NEW YORK; FRANK D. BRUNDAGE, ASSISTANT MANAGER LETTERS OF CREDIT AND TRAVELERS' CHECK DEPARTMENT KNAUTH, NACHOD & KUHNE, NEW YORK, ON THE SUN-DECK OF THE "SAGAMORE."

Not a Partisan Plan.

In all well-regulated banking and currency systems of the Old World the power to control cash reserves and the issue of bank notes to be used as currency is placed under the control of a central bank, recognized by the Government and given the necessary authority.

I am a party man, and I believe in the Government by party. I think party is the only instrument by which a popular government can be made practical. But sometimes measures are of so complicated a character, involve the consideration of so many perplexing elements, and are so free from the apparently direct relation to the individual citizen, and are so lacking in use for selfish political purposes in the promotion of individual or party reputation, that they can be disposed of on their merits, after a full and impartial discussion, without party heat or party advantage.

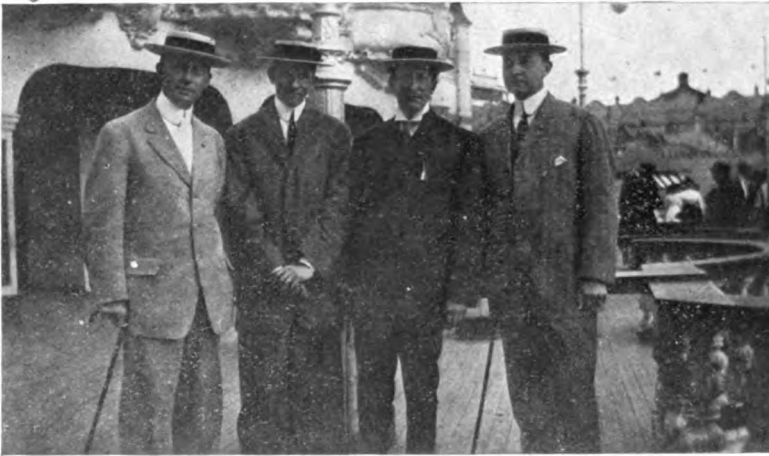
It will inure greatly to the benefit of the people of this country if the recommendations of the National Monetary Commission—a non-partisan body—can be treated in this wise—and I am very hopeful that it may be.

Senator Aldrich, the chairman of the commission, has correctly stated that a central bank in this country would be impossible for political and economic reasons. The people of the country would be unwilling to trust to any private banking organization such enormous control as must be vested in an agency which is to decide as to the concentration of cash reserves, and which is to decide upon and provide for the necessary increase and decrease of bank note currency, as well as to regulate the liquidation of commercial paper by fixing a uniform discount throughout the country. He has said that such an agency must be made by

such constituents that it shall be impossible for money kings in Wall Street to control it, on the one hand, or for political influence by Government appointment to direct its opera-



LEWIS E. PIERSON, PRESIDENT IRVING EXCHANGE NATIONAL BANK, N. Y., AND PRESIDENT OF THE AMERICAN BANKERS' ASSOCIATION, 1910; H. B. FONDA, TREASURER TRUST COMPANY OF AMERICA, NEW YORK CITY, AND WILLIAM C. WACHS, VICE-PRESIDENT GERMAN NATIONAL BANK, CINCINNATI.



ALEX. DUNBAR, CASHIER EXCHANGE NATIONAL BANK, PITTSBURG; S. SARGENT VOLCK, REPRESENTING HATHAWAY, SMITH, FOLDS & COMPANY; CHARLES H. HISSIKOMMER, VICE-PRESIDENT ALBANY TRUST COMPANY, AND EDWARD S. BATES OF F. S. MOSELEY & COMPANY, NEW YORK, SIGHT-SEEING IN LUNA PARK.

tions from Washington; and, in order to evolve an agency free from the control of either of these influences, he proposes and devises in his tentative suggestions to the

commission, which seem to have been received with favor, what he calls a National Reserve Association.

Every Bank Has a Voice.

A careful examination of the constitution of the controlling board of this National Reserve Association shows, first, that every bank, both as a unit and also in proportion to its capital, has a voice in the selection of the governing Board of Directors of the National Reserve Association, as it has a similar voice in the Board of Directors of the branch of the National Reserve Association in one of the fifteen geographical divisions. More than this, the directors thus chosen are bound to introduce into the board a considerable number of persons who do not represent banking interests, but who represent industrial, agricultural, and general business interests. The Government, through the President, selects the Governor and the Deputy Governors and managers, who are executive officers and are ex-officio members of the board. In this way the banks and the Government exercise a divided control which can not under the system be transferred to the ambitious money interests of a particular part of the country.

It is true that the National Reserve Association is a central bank in a certain sense. Under its plan it will do, and is empowered to do, a kind of a banking business. It is to have the benefit of all Government deposits without interest; it may receive deposits from all national banks; it may rediscount, under certain conditions, prime and commercial paper of such banks, and it may issue its notes to banks in payment of their credit balances. It may charge commission and discount, as other banks, but it must confine its dealings to banks and not extend them to individuals except in its foreign exchange business, where it is permitted to sell and buy foreign exchange and



ALEX. D. CAMPBELL OF THE HANOVER NATIONAL BANK AND WILLIAM C. POILLON, PRESIDENT MERCANTILE TRUST COMPANY, NEW YORK. MR. CAMPBELL HAS JUST DISCOVERED A CAMERA POINTED IN HIS DIRECTION.



ENJOYING THE AEROPLANE FLIGHTS FROM THE STEPS OF THE ORIENTAL HOTEL

gold with a view to the assistance of its general fiscal operations.

Limit On Its Earnings.

By its powers it is enabled to earn an income, and it has shares of stock, and these shares of stocks are distributed to National banks throughout the country. Every National bank is to hold twenty per cent. of its capital stock in the National Reserve Association, and no more. The stock is not transferable. If it earns four per cent., the four per cent. goes to the stockholders; if it earns more than four per cent., then the next per cent. earned is divided between a surplus for the association and a dividend payment to the Government of the United States, and if more than five per cent. is earned the entire excess is to be turned into the Treasury of the United States. Thus it will be seen that this National Reserve Association is in a sense a bank made up of all the banks of the country, and controlled by no one and no one set of banks.

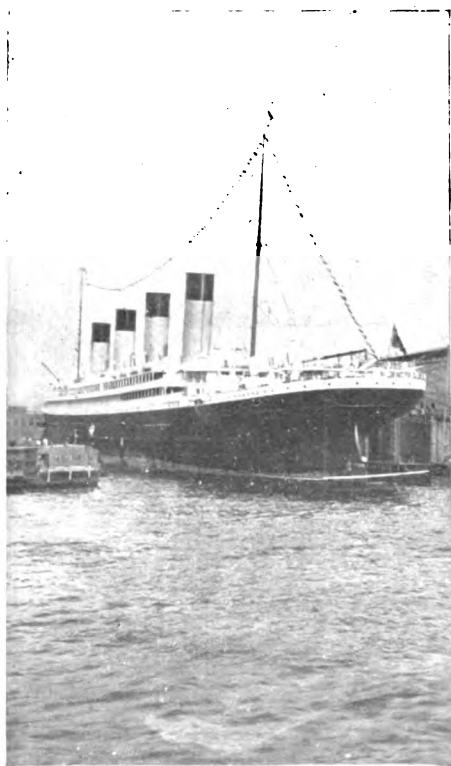
The directors of the bank have no motive in excessive profit to promote unfairly the earnings of the bank, because all earnings beyond five per cent., will go into the Treasury of the United States. The governor of the bank, who will undoubtedly be influential in the executive direction of the bank, appointed by the President, but subject to the control of the directors and removable by the President, will give sufficient governmental voice in the control.

Benefit to All Classes.

I am not a banker, and I do not claim to be a student of finance or of systems of banking and currency, but after such attention as I have been able to give to the plan and to a discussion of it by men who do understand banking, it seems to me that the general features of this plan ought to commend themselves to the whole business community of the country, and by that I mean not only those engaged in banking, railroading, merchandising, manufacturing, and general industrial work, but also those

interested in mining and agriculture, and the whole body of wage earners.

Similarly, the farmers have a most intimate interest in the plan which shall secure



THE NEW STEAMSHIP, "OLYMPIC," LARGEST ALLOAT. SNAPPED, COMING DOWN THE HUDSON RIVER, FROM THE DECK OF THE BANKERS' EXCURSION BOAT.

for the middleman, at a reasonable rate of interest, funds with which to move the crops and with which to pay adequate prices for that which the farmer has to sell.

I sincerely hope that those excellent associations that have been organized for the promotion of the adoption of this plan will press home upon the farmers of the South and the West and the Northwest the fact that there is no legislation—I care not what it is—tariff, railroad, corporation, or of a general political character, that at all equals in importance the putting of our banking and currency system on the sound basis proposed in the National Monetary Commission plan.

SECOND DAY'S SESSION.

Rev. John F. Carson opened the morning session with prayer. He was followed by William C. Poillon, president of the Mercantile Trust Company of New York, who delivered an excellent address on "The Proposed Participation of Trust Companies in the National Reserve Association." Mr. Poillon said in part:

There is no subject discussed by those interested in banking affairs in this country at present which compares in interest and importance with the movement to secure real currency reform.

It would seem as if the discussion had now reached a point where the prediction is justified that the monetary legislation to be finally enacted will be based upon the suggested plan of the Hon. Nelson W. Aldrich to the National Monetary Commission.

The ready acceptance of the general principles laid down in this plan by business men everywhere, as well as by many of the banking experts of this country and Europe,

shows that the time is ripe for its enactment into law.

John Harsen Rhoades' address on "The Aldrich Plan as Related to the Mutual Savings Bank" is printed in full elsewhere in this issue of *THE BANKERS MAGAZINE*.

Following the address of Mr. Rhoades and the adoption of several resolutions, new officers were elected to serve during the ensuing year. Their election was unanimous, making Walter H. Bennett, vice-president of the American Exchange National of New York City, president; Cornelius A. Pugsley, of Peekskill, vice-president, and E. L. Milmine, of Schenectady, treasurer. W. J. Henry was re-elected secretary.

Friday afternoon, June 23, the delegates were conveyed by train to Long Island City, and there embarked on board the pleasure boat "Sagamore" for a trip around Manhattan. How well this feature of the convention was enjoyed is best told by the accompanying reproductions of snapshots of willing and unwilling subjects. Passing down the Hudson River on the return trip, those aboard the Sagamore were treated to a glimpse of the new gigantic ocean liner Olympic, tied up to her pier, which is many feet too short for the new "Mistress of the Seas."

The eighteenth annual convention of the New York State Bankers' Association closed Friday night, June 23, with illuminations, fireworks, and dancing, having established a record for enthusiasm and attendance that will probably stand for many years.

THE ALDRICH PLAN AS RELATED TO THE MUTUAL SAVINGS BANK

An Address Delivered by John Harsen Rhoades at the New York State Bankers' Convention, June 23, 1911

IF there is one financial depository more than another which is vitally concerned in the necessity for banking reform, it is that which stores the savings of the people, for trouble elsewhere means trouble at home. If there is one institution which should lend its enthusiastic assistance and support to such a cause, it is the mutual savings bank. The philanthropic character of its aim and organization should stimulate its trustees to take an active part in any movement towards the betterment of conditions which so greatly affect the community at large. It has been demonstrated again and again that the trustee savings bank, far from being segregated from the jurisdiction of banking law, is closely allied to the financial system.

We are discussing to-day the first com-

prehensive plan of banking and monetary reform, the work of many able minds, under the leadership of Senator Aldrich. It deserves technical analysis and widespread attention, providing, as we have learned, for a National Reserve Association, or National Reservoir, under the control of the individual banks of the country, irrespective of their size or wealth, to be drawn upon in times of need. The question arises whether or not the mutual savings bank, a non-stock and non-commercial corporation, shall become a member and secure its privileges.

Apart from any direct benefit, our savings system cannot but profit from the country-wide improvement of banking conditions which must follow the inauguration of this great control reserve.

Since membership is elective, whether the

savings depository shall embrace this prerogative by subscribing to the capital stock, is a matter which each bank will determine for itself. That advantages will accrue is manifest. In such States, for example, as Massachusetts, where the savings bank is empowered to invest in commercial paper, the value of the re-discount facility is apparent. In the State of New York this distinct service would not obtain, seeing that we are not permitted so to invest our funds, but the privilege of negotiating a loan through the local association upon our gilt edged securities might be of inestimable value. While it is not properly within the province of the savings bank to borrow, yet in emergency this procedure might be unavoidable. Experience has shown that it is then most difficult to approach disinterested institutions, many of which may be in a like predicament. Panics, to be sure, are rare, but no one panic is a measure of the next, and we must be prepared to meet them all.

But, were there no tangible benefits whatsoever to be derived from membership, a movement in the interests of banking reform, to be successful, should have the sympathy and co-operation of every financial institution, provided that no excessive burden is imposed by such affiliation. It is inconceivable that any undue hardship could be inflicted upon the institution for savings by reason of stock ownership, although our State laws would require amendment to permit the purchase.

The mutual savings bank, together with other benefits, should find the stock a safe and excellent investment, yielding at least four per cent., and in all probability five; but it is to be presumed that in becoming a member it will be actuated by a higher motive than that of the mere investor.

In a letter bearing the signature of a Special Committee, appointed by The American Bankers' Association, and addressed to Mr. James B. Forgan, vice-president of the Currency Commission, it has been suggested that the mutual or trustee savings bank, provided it has an unimpaired surplus of not less than the amount which would be required for the capital of a national bank in the same location, may subscribe to an amount of capital stock of the National Reserve Association equal to twenty per cent. of the surplus of the subscribing bank, and not less, and such membership shall carry with it in the Local Association the same rights and privileges as are enjoyed by the national bank.

It is further provided that liabilities for savings deposits, subject to notice of sixty days, shall be exempt from a reserve requirement.

It may prove expedient that the first clause be amended. In New York City, for instance, the required capital for a national bank is in the neighborhood of \$200,000. We have savings banks with de-

posits of \$100,000,000. An institution with deposit liabilities aggregating \$100,000,000, and a surplus or excess in assets of but \$200,000, would not be a very desirable acquisition to the National Reserve Association. Again, by such discrimination many a small but strong depository would be barred.

I would suggest that this provision would



JOHN HARSEN RHOADES

The address printed herewith is one of a notable series on Savings Banks delivered from time to time by Mr. John Harsen Rhoades, who is a son of John Harsen Rhoades, late president of the Greenwich Savings Bank of New York City, a former president of the Savings Banks Association of the State of New York, and who for many years ranked as one of the leading savings bank authorities of the country.

In showing deep interest in savings bank matters, and it may be said an unusual insight into them, Mr. Rhoades is but following in his father's footsteps.

He is still a young man, having been born February 6, 1869. His education was obtained at Cutlers School in New York and at Harvard University.

In the fall of 1892 he went into Wall Street, becoming associated with Blake Bros. & Co., and from 1895 to 1898 he was the New York representative of the Boston banking house of Blodget, Merritt & Co.

It was in February, 1898, that he went into business on his own account, establishing the firm of Rhoades & Richmond, the name later being changed to Rhoades & Co.

Mr. Rhoades has lately come into promi-

nence by the energy and ability with which he has presented certain phases of the New York savings bank situation. He insists that the savings banks are not merely investment institutions, but that they are banks with liabilities to the public, and must keep themselves properly equipped for meeting these liabilities. This, he maintains, requires that they should have a good margin of surplus over liabilities, based on the market value of securities held. His views unquestionably make for soundness and conservatism in the management of the savings banks.

Besides being head of the well-known banking and investment house of Rhoades & Co., New York, Mr. Rhoades is a trustee of the Greenwich Savings Bank, treasurer of the Lotos Club, a trustee of the New York Institute for the Blind, and a trustee of the Northern Dispensary.

He keeps actively in touch with business affairs, believes in individual initiative as a means of attaining success, and does not look with favor on Government ownership. But he has large faith in the get-together spirit, and hopes much from the tendency toward co-operation now being manifested between corporations and individuals.

The special study given by Mr. Rhoades to savings bank problems has caused his services to be much in demand as a speaker before gatherings of bankers and business men. He has recently addressed the convention of the American Bankers' Association, the Finance Forum of New York, and other representative organizations. His utterances have been invariably calculated to strengthen the standing of the savings bank as an element in our national prosperity.

do better to stipulate as a membership limitation, that the mutual savings bank shall have an unimpaired surplus of not less than ten per cent. of total deposits, and a cash reserve of five.

Granting that this stipulation might temporarily defeat the purpose in view, the price of membership in the National Association should not be set too cheap. The perfect success of the scheme presupposes a high standard of membership, which, that we need not retrace our steps, should be established at the start. Nor need the Association hesitate to set this standard, in itself a mark of stability, since it has so tempting an investment, and such privileges, direct and indirect, to offer. As a matter of fact, our savings banks should require but a short time to qualify, pro-

vided that in dividend disbursements they adopt a reasonable policy of conservatism.

Furthermore, while the time-honored sixty-day notice upon withdrawals is of recognized importance as the years go by and the Postal Savings Bank, which will pay upon demand, becomes more firmly established, it is unlikely that the trustee bank can avail itself of a notice longer than fifteen to thirty days. The time notice, as established by our mutual savings banks, is much misunderstood. To all intents and purposes we must pay upon demand, and it is only in grave crises that we reserve the privilege to close our doors, which is done, not so much with the intent of selling securities, as to give the depositor time to recover from his alarm, and this act being a privilege, it must not be abused nor stretched too far. The shorter the notice, the greater the want for a cash reserve, and, inasmuch as no other banking institution is exempt, it seems no more than right that the National Reserve Association should demand as a membership qualification a reasonable cash reserve from the trustee savings bank.

In the present tentative form of the Aldrich plan, it is difficult to assign to each participant member just what part it shall play or what advantages will accrue, but our savings bank men should diligently study the scheme, and work in harmony with the commercial banks of the country, lending a helping hand to the inauguration of much needed banking reform.

The business of the banker, gentlemen, is as much a profession as that of medicine or the law, and carries with it a kindred and grave responsibility. Just as the march of civilization subordinates the need for individual selfishness, so progress demands that the corporation subordinate shortsighted, self-centered ambition, to a truer conception of service, based not upon sentimental philanthropy, but upon the dictum of hard common sense. Our banking institutions, barring none, are the servants of the people—the security first—our profits after—and in the service of the nation, and for our own protection, we must conserve the sense of union,—all for one, and one for all.

GERMAN THRIFT SHOWN BY INCOME TAX

PROF. BALLOD, a German expert, taking the organization of the Prussian income tax as the basis of his figures, shows that it is possible to form a fairly accurate idea of the amount and of the progress of private wealth in Prussia. In 1895 the total private fortunes in Prussia on which the income tax was levied amounted to \$15,197,966,000, which had risen in 1908 to \$21,813,414,000, an increase

of 43 per cent. in 14 years. By extending this calculation in proportion to the population to the whole German Empire, and by comparing it with the figures of the three leading German assurance companies, it appears that the total net annual amount put aside by Germany is no less than \$1,250,000,000 in round figures.—Consular Report.

BOOK REVIEWS

THE ARGENTINE IN THE TWENTIETH CENTURY. By Albert B. Martinez and Maurice Lewandowski. London: T. Fisher Unwin.

Through the courtesy of the well-known banking and commercial house of Ernesto Tornquist & Co., Buenos Ayres, **THE BANKERS MAGAZINE** has received a copy of the third edition of the above-named valuable work, revised and brought up to date.

Three years have elapsed between the publication of the first edition and the present one, thus affording an opportunity of making some interesting comparisons of the country's growth in that time.

The story of Argentina's wonderful growth and development has been frequently told of late, but nowhere that we know of in greater detail than may be found in this volume. The authors have had the courage to omit a great deal of historical matter and all pictorial embellishment and have confined themselves to a careful summarizing of the facts about the country's material resources and its economic development. The products, the railways, agriculture, stock-growing, banking and finance—all these and kindred matters affecting the wealth of the great Southern republic are treated of comprehensively and with apparent accuracy.

The business man and the banker who wishes to get a good knowledge of Argentine resources and conditions will find the information desired in "The Argentine in the Twentieth Century."

ANCIENT, CURIOUS AND FAMOUS WILLS. By Virgil M. Harris; 8 vol., cloth, 455 pp.; price \$4. Boston: Little, Brown & Co.

That so much of the curious, humorous and historical could be contained in a book about wills seems almost inconceivable. It would hardly be extravagant praise to say that few volumes published in recent years have been so well worth reading as this. It is not a treatise on the law of wills—though sound suggestions are given for making testamentary disposition of one's property—nor is it a mere collection of the strangely interesting things revealed in "last wills and testaments." It is rather a rare and scholarly work, deserving to rank with the permanent literary productions of the country, dealing primarily with the subject of wills, but embracing a remarkable fund of historical information, a wide range of pathos and humor, throwing a powerful searchlight on human nature acting under contemplation of the approach of the king of terrors.

Mr. Harris, the author of "Ancient, Cur-

ious and Famous Wills," is a member of the St. Louis bar, Lecturer on Wills in the St. Louis University of Law, Trust Officer of the Mercantile Trust Company of St. Louis, and author of "The Trust Company of Today," etc. His latest volume reveals fine taste and judgment in seizing on the curious and interesting things revealed in testamentary documents, and likewise discloses on the part of the author a literary style of more than ordinary dignity, force and charm. "Ancient, Curious and Famous Wills" is a book distinctly worth while.

THE SCIENCE OF ACCOUNTS. By Harry C. Bentley, C. P. A. New York: The Ronald Press Co.

This book contains a presentation of the underlying principals of modern accounting and is designed both as a work of reference for accountants and as a text-book for advanced students of accountancy. It contains a great deal of valuable information on the subject of which it treats, carefully arranged and clearly set forth.

INFLUENCING MEN IN BUSINESS. By Walter Dill Scott. The Ronald Press Company, New York. Price \$1.00.

Professor Scott is one of the best known and most acceptable writers on business subjects. His studies in business psychology are interesting and practical. The present volume is one of the best of its kind we have seen and we heartily recommend it to all business men who believe in modern methods.

THE SCIENCE OF CURRENCY AND CENTRALIZED BANKING. A Study of Publications Recently Issued by the National Monetary Commission. By Herbert D. Miles: Chicago and New York: Rand-McNally Press.

After revising banking conditions and operations in foreign countries and in the United States, the author concludes that we shall eventually come to a system where the banks will prefer to operate as national banks, under the same laws and under one system of inspection.

BOOKS RECEIVED

THE ORIGIN AND GROWTH OF THE AMERICAN CONSTITUTION, by Hannis Taylor, Hon. LL.D. of the Universities of Edinburgh and Dublin. Price \$4, net. Houghton, Mifflin Company, Boston and New York.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE MERCHANTS AND PLANTERS NATIONAL BANK, SHERMAN, TEXAS



NEW HOME OF THE MERCHANTS AND PLANTERS NATIONAL BANK OF SHERMAN, TEXAS.

THERE has recently been built for the Merchants and Planters National Bank of Sherman, Texas, a modern fire-proof bank and office building of five stories and basement, of re-inforced concrete construction, faced with Texas granite, carthage line stone, and pressed brick. Altogether the building, site and equipment represent a valuation of about \$200,000 and is expected to furnish a fitting home for this prominent old institution for many years to come.

A modern steam-heating plant is located in the basement, also a vacuum cleaning system and a refrigerating plant, and electric motors that operate the elevators. The entire first floor is given up to the bank's quarters, and as might be expected, the equipment of this room is modern in every respect. All of the floors are of white Georgia marble, the counters are of English veined Italian marble with a base of black Irish marble and grills of solid bronze. With the exception of the two

customers' check desks, which are of white marble, all of the desks and interior furnishings are of a very fine selected mahogany, lending an air of richness to the commodious, well-arranged, public space and working quarters. Located near the front of the room are the officers' quarters; here there is also a committee room containing the desk of the chairman of the board and having a lavatory and toilet adjoining. The active vice-president, the cashier, assistant cashier and stenographers are also situated near the entrance to the main banking room. This location was determined upon because of the ease with which the bank's patrons can gain access to any of the officers with whom they desire to consult. On the same side of the building, the cages of the tellers and individual bookkeepers' quarters are situated. On this side there is also a fire-proof book vault and a well-lighted space given over to the clerical force of the bank.

In the center of the room and at the end of the public lobby stand the fire and burglar-proof vaults, partitioned off with a massive metal grill and containing the safes of the bank and the safe deposit boxes for rental purposes. Adjoining the safe deposit vault there are six private rooms of various sizes for the use of customers of the bank and patrons of the safe deposit department. Located on the other side of the banking room are the collection, exchange and transit departments, and general bookkeepers.

Every mechanical device of practical value that might shorten and simplify the clerical work of the bank has been installed throughout the various departments. Just off the public lobby there is a ladies' retiring room, with lavatory and toilet in connection, comfortably fitted out in keeping with the purpose for which this room is used. Every department is provided with a telephone and there are other wires over which long distance calls may go. On the mezzanine floor, just above the vaults, are the directors' and committee rooms, with lavatories adjoining. Some idea of the richness of these rooms may be gained from the accompanying illustrations. Everywhere throughout the bank's quarters there will be found an abundance of light and pure cool air.

There are eighty offices on the four upper floors of the Merchants and Planters National Bank Building, all supplied with hot and cold water, electric lights and fans, and



TOM RANDOLPH
PRESIDENT

heated by steam. The corridors on these floors are wainscotted with gray marble and have tiled floors. Then there are the usual conveniences to be found in a modern office building. Access is had to these offices by means of electric elevators and by marble and iron stairways.

THE BANK'S HISTORY.

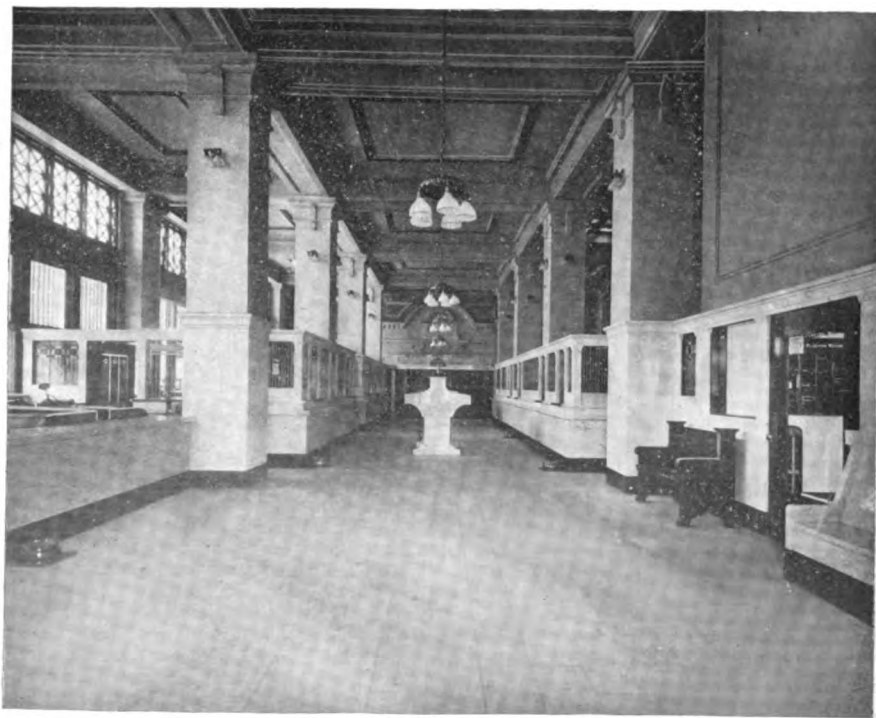
On September 28, 1872, the Merchants and Planters National Bank was organized

with an authorized capital of \$150,000, of which \$30,000 was paid in. Up to the date of its conversion into a national bank in 1884, the capital had been increased several times and in that year amounted to \$250,000.

C. C. Binkley was first president; R. A. Chapman, first vice-president; Tom Randolph, first cashier, and C. B. Dorchester, first teller. When the Merchants and Planters National Bank succeeded the old State bank in 1884, it did so with a paid-up



T. D. JOINER
CHAIRMAN OF THE BOARD



SPACIOUS PUBLIC LOBBY



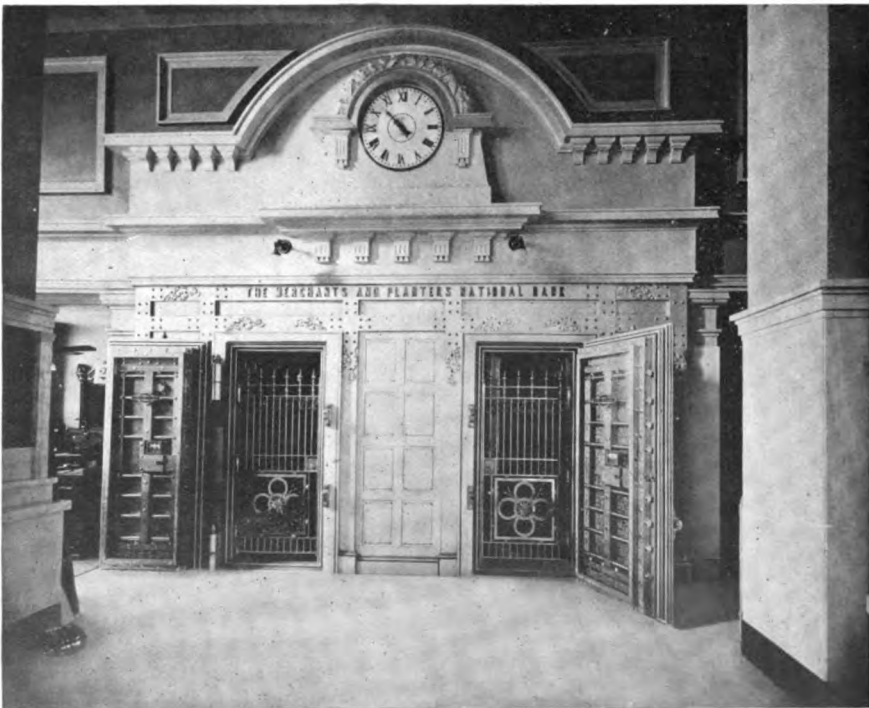
T. U. COLE
ACTIVE VICE-PRESIDENT



DIRECTORS' MEETING ROOM



OFFICERS' QUARTERS



MONEY AND SAFE DEPOSIT VAULTS

capital of \$600,000 and for sometime thereafter there was no other bank in all Texas having a larger capitalization. There had been no change of officers at the time of reorganization, but in 1886, on the death of



C. B. DORCHESTER
CASHIER

Judge Binkley, Tom Randolph was elected president, and C. B. Dorchester was made cashier.

On April 15, 1904, the first charter under the national banking laws having expired, an extension for another twenty years was obtained. In that year the bank's financial condition was as follows: Capital, \$600,000; surplus, \$20,000; undivided profits, \$63,000; deposits, over two million; and total resources, over three million dollars. The officers serving then were: Tom Randolph, president; T. D. Joiner, T. U. Cole, R. A. Chapman and W. C. Enbank, vice-presidents; C. B. Dorchester, cashier, and F. A. Batsell, assistant cashier. These officers maintain their respective positions to-day.

Tom Randolph, president, has been with the Merchants and Planters National Bank since a boy, becoming identified with it in 1872. He retains the presidency of the bank, though now a resident of St. Louis, where he is senior vice-president of the National Bank of Commerce.

T. U. Cole was made active vice-president in 1903, but twenty years before that

time he had been connected with the bank, leaving to organize a First National Bank, of Honey Grove. His name and ability are well-known to bankers throughout the South and his wide experience in all affairs pertaining to banking make him a most valued member of the financial staff. The majority of directors have served this institution long and continuously. At present the board of directors stands as follows:

R. A. Chapman, term of service, thirty-eight years; W. C. Enbank, twenty-eight years; J. L. Randolph, thirty-one years; D. E. Bryant, twenty-three years; T. D. Joiner, nineteen years; F. C. Dillard, fourteen years; T. U. Cole, eleven years; H. O. Head, one year.

On the death of Judge D. E. Bryant, February, 1910, Hon. C. A. Lyon was elected to succeed him as a director. Judge H. O. Head, who has served but one year as a director, was elected to succeed Mr. Dillard, no longer a resident of Texas.

The Merchants and Planters National Bank of Sherman, Texas, now has deposits of nearly three million dollars, acts as re-



F. A. BATSELL
ASSISTANT CASHIER

serve agent for a number of State institutions and is a repository for national banks in Texas and Oklahoma. Since reorganizing as a national bank it has paid to its stockholders \$1,960,000 in dividends

and has accumulated a fund of \$149,060 in surplus and undivided profits. Notwithstanding the fact that financial storms have distressed the country many times within its history, this institution has always served its constituency promptly and properly, and has ever had the best interests of the

community in mind. Now that it is installed in a new home, modernly equipped, the directors and officers feel confident that they are better prepared than ever to perpetuate the high reputation which the bank has earned for conservative dealing and the care for its friends and patrons.



LADIES' RETIRING ROOM

WEBSTER AND ATLAS NATIONAL BANK, BOSTON

THE Webster and Atlas National Bank of Boston is a consolidation of the National Webster and the Atlas National Banks, this name being adopted to perpetuate the name of two of the city's oldest banking institutions. On consolidation, the charter of the National Webster Bank was continued with the change of name and the Atlas was placed in liquidation.

This merger took place in April, 1904, and formed an institution which is one of the strongest banks of Boston, with deposits of nearly \$5,000,000. Its capital is \$1,000,000 and surplus and undivided profits \$1,000,000, the latter showing an increase in the seven years of \$350,000, after paying its shareholders \$450,000.

The present officers are: President, John P. Lyman; vice-president, Joseph S. Bigelow; cashier, Joseph L. Foster; assistant cashier, Robert E. Hill; directors, Walter Hunnewell, John W. Farwell, Joseph S. Bigelow, Charles B. Barnes, Jr., John P. Lyman, Alfred Bowditch, Amory Eliot, Robert H. Gardiner, William R. Cordingley, Homer B. Richardson, Theodore G. Bremer, Richard S. Russell.

Mr. John P. Lyman, president, began his business career with the banking house of Lee, Higginson & Co., with whom he was connected for many years. Subsequently

he became treasurer of the Marquette, Houghton & Ontonagon Railroad. He severed his connection with the railroad and in March, 1890, entered the National Webster Bank as president.

Joseph S. Bigelow, vice-president, is a man of large experience in financial affairs, both as capitalist and as trustee. He became connected with the Atlas National Bank in February, 1896, as a director. In January, 1897, he was made president, which office he held until the two banks combined, and was then elected vice-president of the new bank.

Of the present officers, Joseph L. Foster, cashier, has been the longest connected of any in either of the banks. He became associated with the Atlas Bank in 1872 and rose successively from messenger to receiving teller, paying teller, assistant cashier and cashier.

The National Webster Bank was organized in 1853 as a state bank by personal friends of Daniel Webster, and in 1865 it became a national bank. Its first banking rooms were at 13 Exchange street, in the quarters which the Brokers' Board subsequently occupied. Later it moved to the corner of State and Congress streets, where it remained until after the great Boston fire. When the New England Mutual Building was erected, the Webster

Bank moved into offices, which were its home until 1904, when, in consequence of the merger with the Atlas National Bank, it moved to the banking rooms of the latter institution in the Sears Building, where it now is.

From 1865 to the time of the consolidation the National Webster Bank paid to its stockholders in dividends \$2,764,986.

Its organizers were some of the strongest business men of the time. Its first board of directors were: James M. Beebe, George A. Kuhn, William Thomas, George B. Upton, H. Hollis Hunnewell, William F. Weld, Lewis W. Tappan, William A. Crocker, John M. Forbes and William B. Bacon. Upon organization William Thomas was elected president and Solomon Lincoln was the first cashier. Mr. Thomas was succeeded by Solomon Lincoln as president, who in turn was followed by Francis Jaques and F. A. Peters. Mr. Peters continued president until 1890, when he resigned and John P. Lyman was elected.

When Solomon Lincoln became president he was succeeded as cashier by E. C. Daniell, who was followed by Edward R. Hall and Charles L. Riddle. Mr. Riddle was connected with the bank from its organization until the merger with the Atlas in 1904, when he retired.

The Atlas National Bank, one of the oldest financial institutions in Boston, had a long and honorable career, meeting troublous times and yet maintaining its rank among the successful banks of the city. It was organized as a state bank by prominent business men. The incorporators were Robert Edes, James Harris, Benjamin A. Gould, Richard Fletcher and Bradford Lincoln, Jr.

The original charter, signed by Levi Lincoln, Governor of Massachusetts, is dated March 23, 1833, with a capital of \$500,000. The first annual meeting under the charter was held October 28, 1833, at the Exchange Coffee House. The chairman of the meeting was Lambert A. Wells and the secretary was James Harris. The first board of directors were: Edward Eldridge, Edward Cruft, Samuel Hubbard, Henry Lee, John Borland, William Hales and Samuel C. Gray.

Some of the peculiar regulations in the stock subscription were that no person should be eligible as a director unless he agreed not to borrow from the bank while a director and not to sign or endorse any commercial paper held by the bank, and no stockholder could sell his shares unless they were first offered to the bank, which should have twenty-four hours' exclusive right to purchase at the market price. In 1837 these regulations were altered, as to borrowing by directors, but the prohibition as to endorsing or promising in excess of fifteen per cent. of the capital stock was continued.

The bank began business December 28, 1833, on Congress street; in October, 1834, it moved to the then newly erected Suffolk Bank Building on State street. In 1850 banking offices were taken in the Atlantic Bank Building at the corner of Kilby and Doane streets, which building was torn down in 1875 and replaced with the present building of the Atlantic Bank. The destruction of the building necessitated a change in 1875 and rooms were taken in the Sears Building, where the bank has continued un-



JOHN P. LYMAN
PRESIDENT

til the present date, excepting for a period of nine months in 1890, when a fire necessitated a temporary change to Devonshire street until repairs were completed.

During the panic of 1837 and the depression of 1843 and 1857, when many banks had to close their doors, the Atlas successfully weathered the storm. In October, 1839, after the panic, the Atlas Bank stock was at par, the active loans \$600,000, deposits \$118,000 and circulation \$100,000. In 1850 there was a good surplus of cash over the capital, and in that year the Legislature by special act continued the bank's charter to 1875. In 1859 the capital was doubled, making it \$1,000,000. In 1864 it became the Atlas National Bank under the National Banking Law. The total dividends paid to stockholders of the Atlas National Bank from 1864 to 1904 were \$3,150,000.

In 1904 the bank was placed in voluntary liquidation, returning to its stockholders \$140.29 per share.

The first president was Edward Eldridge, who served from November 6, 1833, to June 13, 1837. He was succeeded by Samuel Gray for twelve and one-half years; Charles H. Brown, nine years; M. Day Kimball, thirteen years; John H. Foster, one year, until his death; M. D. Spaulding, five years; William P. Hunt, four years; John G. Wetherell, sixteen years, until 1897, when Joseph S. Bigelow became president, and continued in office until April, 1904.

The first cashier was Joseph White, who served from 1833 to 1867, when he was succeeded by Charles L. Lane, who was cashier to the time of his death in 1891, being succeeded by his brother, Benjamin P. Lane, who died in office in 1896, and was succeeded by Joseph L. Foster.

The latest statement of the Webster & Atlas National Bank is as follows:

RESOURCES.

Loans and discounts	\$4,870,255.48
Bonds and securities	380,027.50
Due from other banks	932,508.66
Cash and checks	742,405.21
Treas. United States	47,700.00
Total	\$6,972,896.85

LIABILITIES.

Capital stock	\$1,000,000.00
Surplus fund and undivided profits, less expenses and taxes paid	1,040,765.29
Bank notes outstanding	190,300.00
Deposits	4,727,831.56
Reserved for taxes	14,000.00
Total	\$6,972,896.85

MANCHESTER TRUST COMPANY, MANCHESTER-BY-THE-SEA, MASS.

THIS institution—organized under the laws of Massachusetts, with a capitalization of \$100,000, and a paid-in surplus of \$25,000—opened for business on the first day of May, 1911. On the opening day, deposits of \$48,000 were received, and at the end of three weeks the deposits were \$112,611.29. With this auspicious beginning the success of the new bank is predicted by old experienced bankers familiar with business conditions in Manchester.

Manchester, or as it is commonly called, Manchester-by-the-Sea, is a most attractive suburb, about twenty-five miles from Boston, on the north shore. About three miles from Manchester, on the edge of Beverly, stands the summer home of President Taft, and six foreign embassies have their headquarters nearby.

Full credit is due to Ralph H. Mann, the secretary and treasurer of the new institution, for the able manner in which he conducted the work of organization. It was he who first suggested the establishment in Manchester of a modern trust company; he also was most active in disposing of the stock and obtaining the support and backing that has placed the institution upon its present substantial basis.

Ralph H. Mann was born in Wilmington, Vt., May 23, 1884, and came to Torrington, Conn., with his parents in 1899. His father, Hosea Mann, was for many years prominently identified with the political life of Vermont, having served in the Legislature several terms as chairman of important committees, among others that of the Railroad Committee, and as speaker of the House of Representatives in 1890-1892. He was inspector of finance and State Bank

Examiner in 1896-1898. In 1899 he came to Torrington and organized the Torrington National Bank, of which he is now cashier. He is also vice-president of the Willimantic Trust Company.

After entering the Torrington High School for a short time, Ralph H. Mann felt the aspirations for a business life and entered Eastman's Business College in Poughkeepsie, N. Y., from which he graduated at the age of sixteen, and secured at once a position with the Guardian Trust Company of New York City. Soon after he was offered and accepted the position of teller in the Maiden Lane Savings Bank of New York.

Feeling the necessity for a broader education, he afterwards fitted himself for college in the Manor School at Stamford, Conn.

In 1907 he entered Harvard, completing the four years' course in three years with an excellent record, and was granted a year's leave of absence, with the privilege of returning in June of this year to take his diploma with the class of 1911. He is a member of the Kappa Sigma fraternity, and of the Mystic Shrine.

After the close of the Harvard Summer School which he attended last summer, Mr. Mann assisted in organizing the Willimantic Trust Company and in December went to Manchester, Mass., where he was quick to see the opportunity for a similar organization and by the early part of January had placed a large amount of the stock of the Manchester Trust Company.

Oliver T. Roberts, the president and one of the incorporators, is a member of the popular North Shore building firm of Rob-



RALPH H. MANN
SECRETARY AND TREASURER



OLIVER T. ROBERTS
PRESIDENT MANCHESTER TRUST COMPANY,
MANCHESTER-BY-THE-SEA, MASS.



ROGER W. BABSON
VICE-PRESIDENT



FRANKLIN K. HOOPER
VICE-PRESIDENT

erts & Hoare. Mr. Roberts is a life-long resident of Manchester, where his public spirit and reputation for integrity and fair dealing have firmly established him in the confidence of the community. His wide experience in business affairs, coupled with his genial disposition, will prove of invaluable assistance in developing the welfare of the Manchester Trust Company.

Roger W. Babson, vice-president, is a graduate of the Massachusetts Institute of Technology and a man whose name is familiar to nearly all financial men of the country. He is the organizer and head of Babson's statistical organization of Wellesley Hills, which is the largest statistical bureau of its kind in the country. Through his connection with this organization and especially through the series of financial articles which he has been writing for the Saturday Evening Post during the past year, Mr. Babson has become well and favorably

known to the general reading public of the country. Mr. Babson's wide experience in financial matters makes him a man especially fitted for the position of vice-president and director of the Manchester Trust Company.

Franklin K. Hooper, vice-president, has lived all his life in Manchester. He is the proprietor of Sheldon's Market, the largest provision store on the North Shore. Mr. Hooper has filled many town offices, among them that of auditor, which he held for five years, and served as town moderator for twelve years. He represented Manchester in the Legislature in 1899-1904, during which time he served ably on the Railroad and Taxation Committees, as well as on the Committee of Harbors and Public Lands. Mr. Hooper's experience in public life and extensive acquaintance make him a man well fitted to serve as an executive officer of any bank.

WASHOE COUNTY BANK, RENO, NEVADA

THIS institution, started by D. A. Bender & Co., bankers, June 17, 1871, has had an interesting history. For some time following the year 1880, when it was reorganized as the First National

sumed its present title and became a State bank, with a cash capital fully paid, of \$200,000. To-day it has a capital of \$500,000, a surplus and undivided profits of \$230,000, and total resources of more than



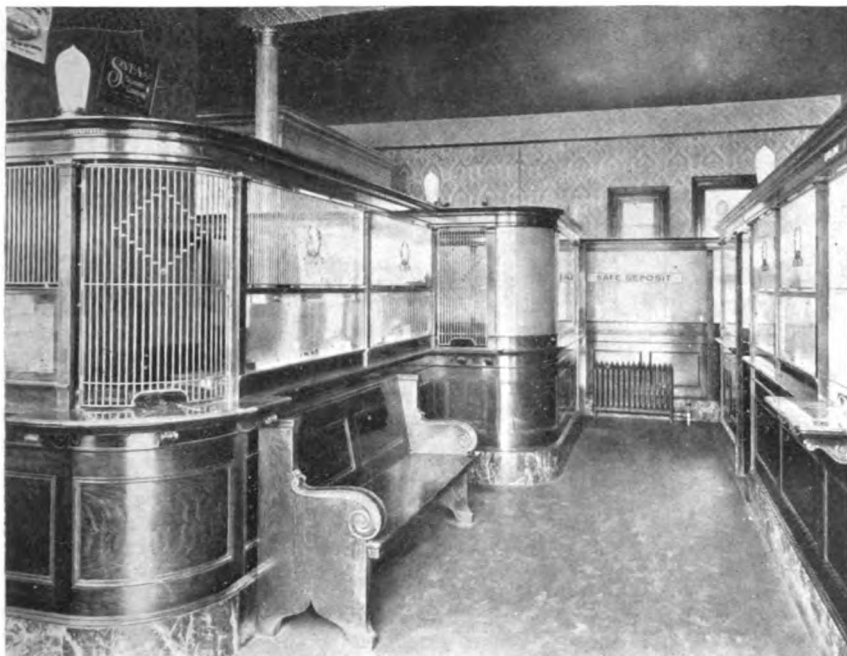
WASHOE COUNTY BANK, RENO, NEVADA

Bank of Reno, there was no other national bank doing business in that State. Hon. John J. Knox was then Comptroller of the Currency and paid this institution a special visit, an honor not accorded to many banks.

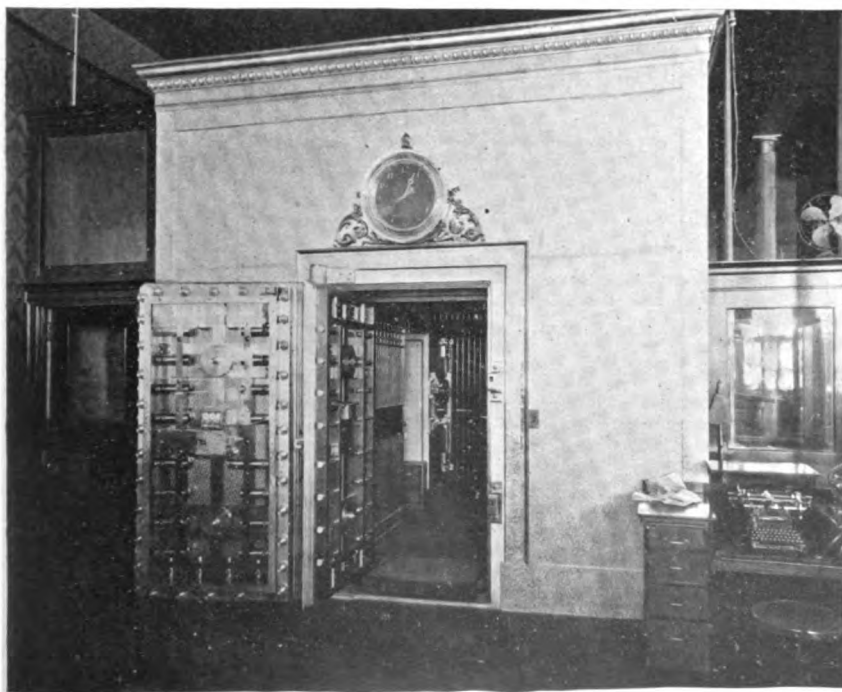
In 1896 the Washoe County Bank as-

two and one-quarter millions of dollars. Of the officers, Geo. W. Mapes, president, and C. T. Bender, cashier, have been with the bank from its inception, as has D. A. Bender and A. H. Manning, who are directors.

A majority of the directors have served



MAIN BANKING ROOM, WASHOE COUNTY BANK, RENO, NEVADA



ARMOR PLATE VAULT



JOHNSON SIDES

"PEACE MAKER," CHIEF OF THE PINTER AND WASHOE INDIAN TRIBES, A GREAT FRIEND OF THE WHITES. DIED IN 1906. HIS PORTRAIT IS REPRODUCED ON ALL THE CHECKS OF THE WASHOE COUNTY BANK OF RENO, NEVADA.

long terms and it is due to their conservative management that the Washoe County Bank has earned such an enviable reputation for conservative dealing. The complete official and directory board is made up as follows:

G. W. Mapes, president, capitalist and dealer in live stock and other interests; O. W. Ward, vice-president, president Nevada State Sheep Commission, vice-president Riverside Mill Co.; F. M. Rowland, vice-president, farmer, stockman and land owner; C. T. Bender, cashier, secretary River-

side Mill Co., California Fig Syrup Co., Golden Gate Advertising Co., Modoc Land & Live Stock Co., etc.; G. H. Taylor, asst. cashier, president Reno Mill and Lumber Co., secretary Regents University of Nevada; F. Stadtmuller, asst. cashier, director Reno Real Estate and Investment Co., and Riverside Mill Co., secretary Nevada Bankers' Association; Rudolph Herz, secretary R. Herz & Bro., jewelers, and Herz Estate Co., Inc.; A. H. Manning, president Nevada Hardware and Supply Co. and Riverside Mill Co.; D. A. Bender, capitalist and banker.

Eighteen leading insurance companies are represented in the bank's insurance department. Customers desiring almost any kind of protection can secure daily reports of the financial standing of any or all of the eighteen leading companies.

The exchange department offers for a reasonable charge, a world-wide collection and remittance service. Information of interest to tourists is furnished gratis.

Since the establishment of a savings department, paying four per cent. interest per annum on all deposits, the bank has gained a most desirable class of business.

Private lock boxes in the large steel vaults are rented at \$3 per annum and upward. The bank is also especially equipped to safeguard bulky packages.

Recently the Washoe County Bank of Reno issued to its friends and customers a clearly written explanation of banking, describing the various steps a new depositor should take in opening an account. The officers believe, and rightly, too, that it is high time the curtain of mystery surrounding the most ordinary banking transactions be drawn aside, so that the general public may see and know that the institution they patronize is safe and conducted in a business-like manner.

A SUCCESSFUL OFFICE APPLIANCE

THE "MULTIPOST" POSTAGE STAMP AFFIXER AND CHECK

BANKERS should be interested in a practical machine which provides a convenient case or receptacle for the care of postage stamps and affixes them to mail matter, simply, quickly and cleanly. The Multi-post Company, of Rochester, N. Y., claims to have perfected such an appliance, which sells for \$25 and is guaranteed against mechanical defects of any kind or nature, for one year.

There are thirty-two feeding fingers in the "Multi-post" to cover fifteen perforations, therefore the fingers so completely cover the perforations that they are sure to engage, irrespective of location. These fingers do not depend on springs to operate them, but have a special new construction which

makes them very flexible, and yet independent of each other. Each one will work individually or collectively as the perforations will permit. It is the most flexible finger construction ever invented.

The machine is extremely light, weighing but a trifle over a pound and is so easily operated that it can be worked by the little finger, and therefore will not tire the operator. Yet the makers claim that it is amply strong to stand the hardest and most continuous work.

The "Multi-post" will affix postage stamps as rapidly as the operator can handle the mail—a green operator easily affixing sixty per minute. It handles the stamp sideways, as this is the natural way.

An extra stamp-case can be had for a slight additional cost, which will enable the owner to instantly change the machine from one denomination to another by simply changing the case, although this is not necessary. It only serves to save time where many changes are made each day of different denominations.

The placing of the stamp, as to location on the mail is optional with the operator, as this machine is not limited to any particular location, neither is it limited as to size of mail matter. And, too, the operator can see where the stamp is being placed, as the affixing operation is visible. As there is no limitation as to location of the stamp, any number required may be placed upon an envelope or package.



It is impossible to grasp a stamp and pull out others from this appliance, is another of its features. An attempt to do this will immediately make the machine inoperative, and it cannot be made again to affix stamps without the key. Therefore, the operator is compelled to report to the person having the key, thus enabling the person in charge to detect misuse or the attempted improper removal of stamps.

The counter is operated by the feeding mechanism, therefore it counts the number of stamps fed. If the plunger is operated without feeding, no stamp is fed and none is counted.

When the machine is at rest no stamp is exposed, hence when leaving the machine it is unnecessary to note whether or not a stamp is exposed; a glance at the counter when leaving and another when returning will tell positively what has occurred during an absence.

It can be so locked as to make it inoperative. This is done by simply pressing a small spring and depressing the plunger, after which it is impossible to operate the machine or remove stamps. The machine cannot again be put into operation without

the key, as the lock for this device must be released from the interior of the machine.

The "Multi-post" has no felts, pads or sponges to gum up, become sticky, wear out, or create any of the many objections common to such materials. It uses free water from which a spray is forced between the stamp and the article to which the stamp is to be affixed. The water is held in an air and water-tight compartment and consequently can neither evaporate nor leak.

The tank holds sufficient water for from 700 to 1000 stamps, and the stamp case holds a coil of 500 stamps; therefore, the simultaneous filling of tank and stamp case assures an ample supply of water.

Because of this exclusive feature of construction the machine need not be left around on the desk, exposed to possible abuse, or occupying room needed for other purposes, but can be placed in a drawer in any position convenient, without any fear of its leaking water or injuring other contents. The machine is always ready for use; even though it be idle for two years it cannot become dry. Because of this construction the same amount of water is applied to each stamp until all are affixed, irrespective of the amount of water in the reservoir or varying sizes of the mail.

The spray of water can be regulated to furnish more or less to accommodate different qualities of paper—some of which require more moisture than others.

The "Multi-post" takes up a space of two by three inches when standing and can be placed in a drawer only two inches deep.

There is also an exclusive mechanism which positively straightens the stamps that have become curly from being coiled. The last stamps on the coil may be badly curled, and it is natural that if a stamp is left laying over night it will curl on account of the shrinkage of the mucilage. The "Multi-post" will straighten every stamp before it goes under the affixing foot and absolutely prevent its folding.

Each machine is fitted with a different key from the one preceding, so that a machine cannot be opened except by its own special key. In case several machines are in use in one establishment, we can, if so ordered, fit them all with duplicate locks for one style key.

APPRECIATES THE BANKERS MAGAZINE

A. A. CRANE, vice-president of the First National Bank of Minneapolis, writes as follows:

"I have been a subscriber to the **BANKERS MAGAZINE** for probably twenty years and have found it one of the most interesting bankers' publication coming to my desk."

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - \$200,000
Surplus and Profits, 961,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginia and Carolinas. Collections carefully routed.

Correspondence Solicited

WALTER F. ALBERTSEN.

As the chief financial center of the United States, New York is constantly seeking for the best available banking talent in the country, and offering exceptional opportunities to young men of the right qualities. Perhaps no better test of ability in the banking field can be had than is offered by the great banks of New York. The banker whose portrait is presented above has won conspicuous success in this difficult field, rising in a few years to the second highest official position in one of the city's largest and successful banks. The following brief sketch indicates that he has had excellent training for his present duties:

Walter F. Albertsen, vice-president of the Mechanics and Metals National Bank of New York, was born in Pekin, Ill., in 1872, and was educated at Iowa Wesleyan University, Mount Pleasant, Iowa. He is a graduate of the Law School of Georgetown University, Washington, D. C.

In April, 1901, Mr. Albertsen was appointed national bank examiner by Charles G. Dawes, Comptroller of the Currency, with a district comprising the City of Washington and State of Virginia. He also acted, in a large number of cases, as special examiner for the Treasury Department, as well as receiver of insolvent banks.

In 1906 Mr. Albertsen was promoted to the New York City district, the most im-

portant appointment which could have been given him by the Comptroller of the Currency, where he remained for one year, at which time he resigned to become cashier of the National Copper Bank of New York. When that bank was merged with the Mechanics National Bank, under the title of The Mechanics and Metals National Bank of the City of New York, Mr. Albertsen was elected cashier, and later was elected a vice-president when Mr. Charles H. Sabin resigned as vice-president to assume the



WALTER F. ALBERTSEN

VICE-PRESIDENT MECHANICS AND METALS
NATIONAL BANK OF NEW YORK

SOUND BANKING



GOOD SERVICE

Canadian Reciprocity

We have had **BANKING RECIPROCITY** with one of the leading Canadian banks for a great many years. This enables us to furnish Canadian exchange, collect checks, notes or drafts, payable anywhere throughout the Dominion, or handle any matter of Canadian banking with promptness.

Try our Canadian banking facilities.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

We Invite Your Buffalo and Canadian Business

BANK OF BUFFALO

BUFFALO, N. Y.

ELLIOTT C. McDOUGAL, President
LAURENCE D. RUMSEY, Vice-Pres't

JOHN L. DANIELS, Cashier
RALPH CROY, Asst. Cashier

office of vice-president of the Guaranty Trust Company of New York.

Natural ability, education and experience have been the chief factors in Mr. Albertsen's advancement in banking. With these qualifications is combined an exceptionally agreeable personality, and a modesty unspoiled by success.

O. H. CHENEY IN PACIFIC BANK OF NEW YORK.

Lewis L. Clarke, president of the American Exchange National Bank of New York, and O. H. Cheney, former New York State superintendent of banks, have been elected directors of the Pacific Bank of New York. Mr. Cheney was subsequently elected vice-president of the bank.

The entrance of these new interests into the directorate of the Pacific Bank is a sequel to the recent announcement that capitalists identified with the American Exchange National Bank purchased substantial blocks of stock in the Pacific Bank and that the business relations between the two institutions would be even closer than they have been. The Pacific Bank will establish a branch at Madison avenue and Twenty-eighth street.

Mr. Cheney's term as State superintendent of banks expired this spring. His tenure of that office was marked by energetic administration of the department, which bankers say augurs well for his success in his new field.

CHANGES IN BALTIMORE BANK.

Directors of the National Bank of Commerce of Baltimore elected Thomas Hildt to succeed the late James R. Edmunds, as cashier, and Douglas W. Wylie to succeed him as vice-president.

Mr. Hildt is probably the youngest man ever elected to the cashiership of a national bank in Baltimore. His first experience in banking was with the old Commercial & Farmers' National Bank 10 years ago. He went with the Bank of Commerce in 1904,

and has remained with that institution since then, with the exception of two years, when he was treasurer of the Southern Electric Co. He was made an assistant cashier of the bank about a year ago, since which time he has had charge of the institution's outside business, principally in the line of securing new accounts for the bank in the South. In announcing the change above referred to President Eugene Levering paid a fine tribute to Mr. Magruder Powell, the other assistant cashier of the bank, who has served the institution faithfully and efficiently for nearly thirty years. While it was not thought advisable to give him the post of cashier at this time his responsibilities have been increased under the rearrangement, and his ability and worth recognized in a substantial manner.

The newly elected vice-president has been a director of the bank for many years, and is a member of the firm of Wylie Sons & Co., wholesale dealers in flour. He has been president of the Chamber of Commerce, and held many other positions of trust and responsibility. He will be an active vice-president, co-operating with Mr. Levering in the conduct of the bank's affairs.

The Albany Trust Company

ALBANY, N. Y.

ACTIVE and Reserve Accounts are solicited and interest paid on daily balances. Designated depository for reserve of New York State Banks and Trust Companies : : : : :

Capital and Surplus, \$725,000

W. H. LEE, President
D. R. FRANCIS, Vice-President E. B. CLARE-AVERY, Assistant Cashier
A. L. SHAPLEIGH, Vice-President J. P. BERGS, Assistant Cashier
GEO. E. HOFFMAN, Cashier D. A. PHILLIPS, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

DIRECTORS

<p>JOSEPH R. BARROLL, Butler Brothers. J. S. BEMIS, Treasurer Bemis Bro. Bag Co. G. A. von BRECHT, President The Brecht Co. CHAS. CLARK, CHAS. A. COX, President Cox and Gordon Packing Co. S. S. DE LANO, Treasurer American Car and Foundry Co. D. R. FRANCIS, Francis, Bros. & Co. O. L. GARRISON, Pres. Big Muddy Coal & Iron Co.</p>	<p>ELIAS S. GATCH, President Granby Mining and Smelting Co. C. F. GAUSS, Pres. Gauss-Langenberg Hat Co. CECIL D. GREGG, President Evans-Howard Fire Brick Co. Pres. C. D. Gregg Tea & Coffee Co. S. E. HOFFMAN, E. R. HOYT, President Hoyt Metal Co. W. H. LEE, President. B. MCKEEN, Gen. Mgr. Vandalia R. R. Co.</p>	<p>C. W. MANSUR, Secretary John Deere Plow Co. JOHN J. O'FALLON, O. H. PECKHAM, President National Candy Co. DAVID RANKEN, C. R. SCUDDER, Vice-President Sam'l Cupples Envelope Co. A. L. SHAPLEIGH, Treasurer Norvell-Shapleigh Hardware Co. J. J. WERTHEIMER, President Wertheimer-Swartz Shoe Co. C. W. WHITELAW, Pres. Polar Wave Ice & Fuel Co.</p>
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ENTERS NEW YORK CLEARING-HOUSE ASSOCIATION.

The Metropolitan Trust Company has been admitted to the New York Clearing-House, bringing the number of trust company members up to seventeen.

The clearing-house has amended its constitution so that institutions clearing through a member must keep their reserves up to the minimum required of members.

DROVERS NATIONAL BANK OF KANSAS CITY.

The Drovers National Bank of Kansas City, of which Harry L. Jarboe, Jr., is president and Charles E. Waite, vice-president, has recently elected J. M. Hellings, Jr., cashier, and J. E. Gaskill assistant cashier.

Mr. Hellings commenced banking at Medicine Lodge in 1898 with C. Q. Chandler of the Citizens State Bank. In 1900 he went to Ashland, Kansas, as bookkeeper with the Stock Growers' National. Two years later he organized the Coates State Bank, of which he served as cashier until May 15, when he was elected to this office of the Drovers National. Mr. Hellings is also president of the Citizens State Bank of Pratt. He is only thirty years old and thoroughly acquainted with the banking

conditions in this section, which will mean much to him in his new capacity.

Mr. Gaskill was formerly assistant cashier of the Oklahoma National Bank of Chickasha for four years, coming there from the First National of Hollis. Mr. Gaskill has a large acquaintance throughout Oklahoma and he will prove a valuable acquisition to this new institution.

The Drovers National has deposits of more than \$750,000, with surplus and profits of \$75,000. Its capital is \$300,000.

ROCHESTER CHAPTER, A. I. B.

On Friday evening, May 26, the following officers of Rochester Chapter, A. I. B., were elected:

President, John Henderson, Lincoln National Bank; vice-president, Edward P. Vollertsen, Fidelity Trust Co.; secretary, C. F. Rothmeyer, Lincoln National Bank; treasurer, William D. Niven, Rochester Savings Bank.

EXECUTIVE COMMITTEE.

Fred Mutschler, National Bank of Commerce; D. M. Rose, Union Trust Company; Leon Benham, Alliance Bank; J. Herbert Kaelher, Merchants Bank; George H. Walters, Readers National Bank.

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



The chapter is making unusual preparation for the entertainment of delegates to the convention of the American Institute of Banking, which is to be held in Rochester in September. All the various convention committees are well organized, and no effort will be spared to make this convention the most interesting the institute ever held.

The members of the Rochester Chapter feel that this section of the State is entitled to a representative on the executive council and have recommended and endorsed the candidacy of Frank Thomas of the Alliance Bank for this important office. Mr. Thomas organized this chapter, has twice served as its president and having always been very much interested in the educational work of the institute he is peculiarly fitted for a member of the executive council to which we feel sure he will be elected when the convention meets here.

year, and all the clerical force he needs for his work.

Mr. Hanna, who was born in Ohio forty-eight years ago, has been in the banking business all his life, and has been in his present position for twelve years. He started as collection clerk in the First National of Lincoln, Neb., in 1884, and from 1892 to 1897 was vice-president and a director, as well as director in several other Nebraska banks. After serving for two years as cashier in the Chicago Post Office he was, in 1899, a national bank examiner in Washington, Baltimore and Philadelphia, coming to New York that same year. His present territory includes New York City, Brooklyn and New Jersey. He is a member of the Union League, Metropolitan, Republican and other clubs and societies.

GUARANTY TRUST COMPANY OF NEW YORK.

John D. Ryan, president of the Amalgamated Copper Company, has been elected a director of the Guaranty Trust Company of New York to fill the vacancy caused by the death of Paul Morton. The Guaranty is now a member of the New York Clearing-house Association, with deposits that exceed \$14,000,000. An eight per cent. quarterly dividend has just been declared on the \$5,000,000 capital stock of the company.

Plans for the model building which the Guaranty will build on the corner of Broadway and Liberty street are now in preparation.

GEORGIA RAILROAD BANK.

At a meeting of the directors of the Georgia Railroad Bank and the directors of the Georgia Railroad and Banking Company, of Augusta, Ga., Rufus H. Brown, formerly assistant cashier of the Georgia Railroad Bank, was elected cashier of both institutions, to fill the vacancy caused by the death of C. G. Goodrich, which occurred quite recently.

Mr. Brown was also chosen to fill the vacancy in the directorate of the Georgia Railroad Bank, which was formerly held by Mr. Goodrich.

A committee was appointed by the president of the institution to draft a set of memorial resolutions on the life of C. G.

C. A. HANNA, EXAMINER FOR NEW YORK CLEARING HOUSE.

Charles A. Hanna, national bank examiner for the city of New York, has been appointed examiner for the New York Clearing-House Association. It is understood that his salary will be \$20,000 a year. Mr. Hanna will have half a dozen assistants at salaries of from \$7,000 to \$8,000 a

BANK PICTURES

Large portraits of past officers, etc., made from any good photograph. Splendid for directors' room or bank offices. Write for particulars.

Oliver Lippincott, Photographer of Men
Singer Bldg., 149 B'way, New York

References—The Bankers Magazine

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

FIFTH AND
LIBERTY
AVENUES

"BANK WITH THE DIAMOND"
36 years old. Efficiently organized
and equipped for city accounts
and out-of-town banks.
Experienced, capable,
courteous, prompt
service

STATEMENT

Of condition at Close of Business
June 7, 1911

RESOURCES

Loans and Investments	\$ 875,524.90
Overdrafts	685,974.63
United States Bonds	30,000.00
Banking House	691,378.16
Interest	
Due from Res. Agents	
Due from other banks	
Due from U. S. Treas.	
Cash in Vault	
	<u>2,282,827.69</u>
	\$7,999,874.01

LIABILITIES

Capital Stock	\$ 600,000.00
Surplus and Undivided Profits	1,620,330.92
Reserved for Interest and Taxes	7,139.60
Circulation	297,500.00
DEPOSITS	5,474,903.49

\$7,999,874.01

Surplus and
Undivided Profits
\$1,620,330.92

Capital
\$600,000.00

Officers
WILLIAM PRICE . . . President
D. C. WILLS . . . Cashier
W. O. PHILLIPS . . . Asst. Cashier

Directors

W. B. RODGERS
J. P. MCKINNEY
A. C. BARNETT
J. D. CALLERY
S. A. PICKERING
JOHN W. ROBINSON
D. C. WILLS
WILLIAM PRICE
A. C. WITTENGER
W. C. ROCK
E. E. SLICK
A. M. STEWART



Goodrich, whose efficient work in his official capacity covered a number of years' service.

The election of Mr. Brown to the high position he now fills was due to his most excellent work during his connection of about twenty-five years with the Georgia Railroad Bank, at which institution he started his business career.

His work has been a steady line of promotion, he having occupied the position of assistant cashier since November 10, 1903, almost eight years.

The position formerly held by Mr. Brown was not filled, and will remain vacant for the present.

TRUST COMPANY DIVIDEND.

On June 6, the directors of the Columbia Trust Company of New York declared a quarterly dividend of three per cent. to stockholders of record at the close of business June 26.

PROMOTION IN ALBANY TRUST COMPANY.

Charles H. Bissikummer, third vice-president of the Albany Trust Company of Albany, has been elected first vice-president and acting president. In this capacity he will take the place of George C. Van Tuyl, Jr., who resigned the presidency of the company last month to accept the position of superintendent of banks. Mr. Bissikummer is a capable and popular banker, and his many friends have no doubt that he will measure up fully to his new responsibilities.

NEW PRESIDENT FOR STATE STREET TRUST OF BOSTON.

The State Street Trust Company, of Boston, at its annual meeting, re-elected last year's board of directors. Subsequently Moses Williams was elected chairman of the board of directors and Vice-President Allan Forbes was made his successor as president.

ELECTED TO TRUST COMPANY OF AMERICA, NEW YORK.

Three new directors were elected to the board of the Trust Company of America at the directors' meeting held June 20. They are Charles E. Meyer, Charles D. Freeman, and Albert B. Boardman. The regular quarterly dividend of three per cent. was declared payable June 30.

PACIFIC COAST BANK ENLARGES.

The capital of the Lumbermen's National Bank of Portland, Ore., will be increased on July 1 from \$500,000 to \$1,000,000. The special meeting of the stockholders authorizing the new issue was held on April 18, and the additional stock has been subscribed for by the present shareholders. In April, 1910, the capital was raised from \$250,000 to \$500,000.

CITIZENS NATIONAL BANK OF BALTIMORE.

The condensed report of conditions, issued by the Citizens National Bank of Baltimore at the close of business June 7, shows that this conservative old institution is more than holding its own. On that day it had total resources of \$13,397,457, made up as follows: Loans and discounts, \$8,648,273; U. S. bonds, \$745,000; Baltimore

RUDOLPH GUENTHER

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ARMORED VAULT IN THE CITIZENS NATIONAL BANK OF BALTIMORE

City stock, \$705,000; other securities, \$204,708; banking house, \$170,000; due from banks, \$1,453,079; cash reserve, \$2,047,395. The bank reports a capital of one million dollars, surplus and net profits of \$2,700,968 a circulation of \$611,000 and deposits of \$10,473,389.

The Citizens National Bank of Baltimore has been directly identified with the mercantile, manufacturing and jobbing companies of Baltimore for over sixty-one years.

RICHMOND CHAPTER, A. I. B.

S. P. Ryland, of the First National Bank of Richmond, Va., was elected president of Richmond Chapter, American Institute of

Banking, at the annual meeting. Other officers elected were as follows: G. H. Bates, National Bank of Virginia, vice-president; John S. Haw, First National Bank, secretary, and E. A. Leake, National Bank of Virginia, treasurer. These, with C. E. Talman, American National Bank; C. V. Blackburn, Planters' National Bank; Clinton L. Williams, Merchants' National Bank; H. G. Proctor, Commonwealth Bank, and N. R. Watt, National State and City Bank, compose the board of governors for the ensuing term. Delegates to the national convention to be held next September in Rochester, N. Y., were elected as follows: D. E. Mountcastle, C. E. Talman, C. V. Blackburn, Warren M. Goddard and Clinton L. Williams. Alternates: H. G. Proc-

Capital - \$2,500,000.00

FIRST
NATIONAL
BANK

Deposits, \$29,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,390,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

tor, John M. Miller, Illinois; G. B. Gregory, George W. Watt, J. P. Watson and E. L. Lord.

SEATTLE BANK CHANGES NAME.

The conversion of the Commercial State Bank of Seattle, Wash., into the National City Bank of Seattle, has been effected. The application to make the change was approved at Washington on May 2, and on June 1 the reorganized bank began business. J. W. Maxwell, who was formerly vice-president of the Seattle National Bank, is president of the National City Bank, and the others in the management of the latter are Lester W. Lewis, chairman of the board; Frank W. Baker and J. H. Bloedel, vice-presidents; C. B. West and W. B. Shoemaker, assistant cashiers. The office of cashier remains unfilled for the present. Messrs. Lewis, Baker and Shoemaker were, respectively, president, vice-president and cashier of the institution before its conversion. The Commercial State Bank, capital \$200,000, began operations in February, 1910, taking over the banking business of the Title Trust Co. Under the plans for its conversion the capital of the bank becomes \$500,000.

of finance Mr. Edward Earl has achieved wonderful results. From youth up to the present time, covering a period of twenty-five years. Mr. Earl has been connected with the bank. He was elected president in 1908, but was actually the head during the panic of 1907, owing to the illness of his predecessor and proved during that crisis that he was the man for the occasion. The deposits then were about \$4,000,000. The resources now are \$13,700,000. We think no further comment is necessary, as results speak more forcibly than words. The National Nassau Bank of New York stands in the first rank among the leading progressive financial institutions in the United States, and from present indications, under the able management of President Earl it will in time stand among the very first of the national banks of our country.

DETROIT BANK HAS BIRTHDAY.

The National Bank of Commerce in Detroit is four years old. Commenting on this, a local banker figures out that stockholders who have been with the bank since its organization can now show a profit on their original investment amounting to forty-five per cent.

The bank's stock was sold at 120 four

THE NATIONAL NASSAU BANK OF NEW YORK.

A recent issue of the Irish-American contained the following comment on the remarkable growth of the National Nassau Bank of New York:

We direct our readers' attention to the report of the condition of The National Nassau Bank of New York, at the close of business on June 7, 1911. Its growth in resources and surplus in recent years is something phenomenal. We notice that since the report published in the Irish-American, scarcely three months ago, that the resources of this bank have increased over \$1,500,000. The bank was established in 1852, and from its inception in those days, it has been eminently successful. But in these, our days the young and able captain



IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Capital - - - \$300,000.00
Surplus and Profits - - - 375,000.00
Deposits - - - 5,500,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

ESTABLISHED 1865

National Bank of Virginia

RICHMOND, VA.

Capital \$1,200,000.00
Surplus 600,000.00

Deposits OVER FIVE MILLION DOLLARS

WM. M. HABLISTON, President
JOHN SKELTON WILLIAMS, Vice-Pres.
WILLIAM T. REED, Vice-Pres.
W. MEADE ADDISON, Cashier
O. S. MORTON, Asst. Cashier
JOHN TYLER, Asst. Cashier
W. H. SLAUGHTER, Asst. Cashier
JAMES M. BALL, Asst. Cashier

Accounts of Banks, Bankers, Corporations,
Firms and Individuals solicited on favorable
terms. Correspondence invited.

LARGEST CAPITAL
of Any Bank in Virginia

years ago. It is now listed at 160, a profit of \$40 a share. Dividend payments, including the disbursement to be made during June, total \$14 a share, making the profit \$54 a share for each \$120 of the original investment.

NATIONAL BANK CASHIERS ELECT.

At the annual meeting of the Boston National Bank Cashiers Association, held on the 7th instant, officers were elected as follows:

President, Samuel A. Merrill, treasurer Federal Trust Company; vice-president, Charles A. Ruggles, manager Boston Clearing House; secretary, Henry F. Smith, assistant cashier National Shawmut Bank; treasurer, Walter M. Kingman, assistant cashier Winthrop National.

PENNSYLVANIA BANKERS' ASSOCIATION.

At the termination of the Pennsylvania Bankers' convention, the following officers of the association for the ensuing year were elected: A. J. Hazeltine of the Warren Savings Bank, Warren, Pa., who has been the vice-president of the association, was made president in place of William A. Law, whose term expired; A. S. Beymer, cashier

of the Keystone National Bank of Pittsburgh, was elected to the vice-presidency, and Horace G. Mitchell of the Peoples National Bank of Langhorne, Pa., was re-elected treasurer.

The trust company section of the association elected the following officers: President, C. M. Willock, treasurer of the Fidelity Title & Trust Co. of Pittsburgh; secretary, W. A. Wilcox, treasurer of the Scranton Trust Co.; treasurer, Robert Wilson, treasurer of the Savings & Trust Co. of Indiana, Pa.

TRUST MERGER COMPLETED.

Arrangements for merging the Madison Trust Co. and the Equitable Trust Co., both of New York, have culminated in a satisfactory manner and the merger became effective June 1. The Fifth avenue office of the "Madison" will be made a branch of the "Equitable." The Madison's branch at Grand street and the Bowery was taken over in March by the Jefferson Bank. On the last day of December, 1910, the Equitable Trust Company reported deposits of \$34,344,367. When the last statement was issued, that of June 7, it showed deposits of \$43,670,054; fourteen days later, on June 21, the company's deposits had been still further increased to \$44,472,000.

FOURTH NATIONAL OF NEW YORK GETS FOURTEENTH STREET BANK.

It is known that James G. Cannon, president of the Fourth National Bank of New York, and some of the strong interests connected with that institution have purchased a substantial amount of the stock of the Fourteenth Street Bank. At a meeting of the board of directors of the latter institution John F. Carroll retired as vice-president and director, four other members of the board retired, and President Cannon of the Fourth National; Samuel S. Campbell, vice-president of the Fourth National; Welding Ring, of Mailer & Quereau, and a director in the Fourth National; Moreau Delano, of Brown Bros. & Co., and Henderson M. Wolfe, chief auditor of accounts of the Department of Finance and of the city of New York, were elected directors of

ATLANTIC NATIONAL BANK

Providence, R. I.

Send Us Your Rhode Island Collections

Capital - \$6,000,000

Surplus - \$6,000,000



**Depository of the
United States, State
and City of New York**

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

the institution. R. Ross Appleton remains as president and Richard I. Brewster as vice-president. Mr. Wolfe was also elected vice-president and Mr. Cannon chairman of the executive committee. It is understood that plans are under way for the changing of the name of the institution to the Security Bank, as one more suitable for the conduct of branch bank business and also for its greater development through its connection with the Fourth National.

The Fourth National has reported a large growth in gross deposits since it increased its capital to \$5,000,000. Its report to the Comptroller of the Currency in response to his call for condition as of June 7 shows an increase in this item since January 7, the first call of the year, of \$16,272,200. The deposits amounted on June 7 to \$48,409,200. Its cash holdings (specie and legal tenders) are placed at \$11,282,642. The business of the Fourth National is strictly commercial and is one of the few, if not the only bank, situated in the financial district that adheres to this line of banking.

The Fourteenth Street Bank at the close of business June 7 had total resources of \$9,408,141 and deposits aggregating \$8,067,225.

dicute of Mr. Williams' friends has been at work placing the new stock and Mr. Heckscher, in his announcement, said these arrangements had been completed.

He added that the board of directors



HON. CLARK WILLIAMS

NEW HEAD FOR WINDSOR TRUST OF NEW YORK.

Clark Williams, ex-Controller of the State and formerly Superintendent of Banks in New York State, is to be president of the Windsor Trust Company, as frequently reported in New York's financial district in the last few weeks. The announcement was formally made on June 15 by August Heckscher, the president.

Mr. Williams' consent to become head of the institution was predicated on an increase in its surplus to \$1,000,000. The plan is to cancel half of the present \$1,000,000 stock, which would increase the surplus from \$130,000 to \$630,000 and then to issue \$500,000 new stock at 200, which would put the capital back to \$1,000,000 and make the surplus \$1,130,000. A syn-

would include strong and conservative bankers, merchants, and manufacturers, whose names would be announced after the stockholders' meeting at which the increase in the surplus is to be effected.

Mr. Williams is to begin his duties as president early in July.

DENVER BANK REORGANIZES.

A V. Hunter, banker and mining man of Leadville, has been elected president of the First National Bank, to succeed the late David H. Moffat. Thomas Keeley and P. G. Moffat were elected vice-presidents and

== A TIMELY BOOK ==

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This book is being very favorably received by the press and by students of finance everywhere, who recognize it as an able discussion of the question of gold production and other causes of price changes with a view to making the best possible estimate of the future of prices.

The following are a few Comments

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Charles H. S. Haughwout cashier. The election followed the reorganization of the directorate through the purchase of a controlling interest by a group of Colorado capitalists, together with Charles Hayden of the New York banking firm of Hayden, Stone & Co., W. S. McCormick and D. C. Jackling of Salt Lake City and Charles Deering of Chicago. Under the terms of the sale the control of the bank rests with Colorado men.

BANKERS TRUST OF NEW YORK ACQUIRES THE MERCANTILE.

Benjamin Strong, Jr., vice-president of the Bankers Trust Company, announces that the Equitable Life Assurance Society has authorized the sale of its holdings of Mercantile Trust Company stock, amounting to nearly 13,000 shares, to interests associated with the Bankers Trust Company at \$740 a share, or an aggregate sum of \$9,620,000. This is the first step in the direction of merging these two institutions. The carrying out of this plan will make one of the largest consolidations of trust companies that has ever taken place in New York, being second only to the consolidation when the Guaranty Trust Company took over the Fifth Avenue and Morton Trust companies.

When the proposed merger has been consummated, the Bankers Trust Company will be the largest in the United States in point of deposits. This distinction is now held by the Guaranty Trust Company, which reported gross deposits as of June 7 of \$144,696,621. The Bankers had on that date a total of \$94,062,532, and the Mercantile \$66,405,054, which would give the Bankers Trust Company total deposits of \$160,467,586, if the merger were to become effective immediately. The two companies have combined capital of \$5,000,000 and surplus and undivided profits of \$14,549,881.

The Mercantile stock has been carried on the Equitable's books as costing \$730 a share. This was the price at which the shares will be transferred to the new in-

terests, but the forthcoming dividend of 10 per cent. will go to the Equitable, making the purchase price in effect \$740. The stock has been quoted lately at 725 bid, 735 asked. It is understood that the transaction involves about \$9,500,000.

NATIONAL CURRENCY ASSOCIATION OF KANSAS CITY AND ST. JOSEPH, MO., MEET.

At a meeting of the National Currency Association of Kansas City and St. Joseph, the following officers were elected:

J. F. Downing, New England Bank, president; Graham G. Lacy, Tootle-Lemon National Bank, St. Joseph, vice-president; and J. Thralls, secretary and treasurer.

The following were elected to the executive board: J. F. Downing; R. T. Forbs, First National Bank, St. Joseph; J. G.

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Schneider, German-American Bank, St. Joseph; Graham G. Lacy, Tootle-Lemon National Bank, St. Joseph; P. W. Goebel, Commercial National Bank, Kansas City, Kans.; E. F. Swinney, First National Bank, Kansas City, Mo.; J. W. Peary, Commerce Trust Company; F. P. Neal, Southwest National Bank; George S. Hovey, Interstate National Bank; C. S. Jobes, Security National Bank.

Harry Trumbull and T. J. Shanahan, assistant cashiers.

HOME NATIONAL OF MERIDEN, CONN.

The directors of the Home National Bank of Meriden have chosen J. S. Norton to the office of president of the bank, to succeed the late Abiram Chamberlain. He has also been elected a member of the board of directors. Mr. Norton first became identified

CORN EXCHANGE NATIONAL BANK OF OMAHA.

There have been some more changes in the Corn Exchange National Bank. J. W. Thomas returns as vice-president and the bank has obtained as cashier C. W. Erwin, who was state bank examiner for Nebraska for the last five years, residing in Omaha. Mr. Erwin has thrown himself into the work with his customary energy. The combination seems to be a good one.

PACKERS BANK OF OMAHA CELEBRATES.

Twenty years ago, May 11, the Packers' National Bank of South Omaha was organized. On that day, marking the close of two decades of success, the officers of the bank displayed a charter extension, giving the institution the right to do business another twenty years.

Twenty years ago the Packers' National opened for business in its building on the corner of Twenty-sixth and N streets. At that time its capital stock was \$100,000 and its deposits not much greater than its capital. Later the capital stock was increased to \$150,000 and a short time ago another increase was made to \$200,000; while its statement shows a surplus of \$100,000 and undivided profits of \$25,000. About two years ago the bank was moved to its handsome building at the corner of Twenty-fourth and O streets and its deposits now amount to about \$2,200,000.

The present officials of the bank are A. W. Trumbull, president; J. F. Coad, Jr., vice-president; W. A. C. Johnson, cashier;



J. S. NORTON

with the bank in 1866, coming there as a boy, and, taking his job seriously, his faithfulness was rewarded by successive promotions until, at the age of 19, he was made teller, and eleven years later in '81 he was chosen cashier of the bank, and has held that office ever since. Mr. Norton's advancement to the head of this institution is a just recognition of his abilities as a banker and the efficient manner with which he has always served the bank, and is also a popular choice among the business men of Meri-



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den. To succeed Mr. Norton, Charles H. Wood has been made cashier, Louis Fisk, assistant cashier, Harold W. Scott, teller. E. J. Doolittle still retains the office of vice-president.

ASBURY PARK TRUST COMPANY LAUNCHED.

The Asbury Park Trust Company is the latest institution to enter the financial field of historic old Monmouth County, N. J. With a paid-in capital and surplus of \$125,000, the new bank, the third in Asbury



WILLIAM J. COUSE
PRESIDENT ASBURY PARK TRUST COMPANY,
ASBURY PARK, N. J.



LEE W. BERRY
VICE-PRESIDENT ASBURY PARK TRUST COMPANY,
ASBURY PARK, N. J.

Park, began business in temporary headquarters at 629 Mattison avenue on July 1. The trust company is the twenty-first banking institution organized in the county, but its chartered rights give it the commanding position in the trust company field.

The trust company begins business with a strong directorate. Its membership includes not only the representative business and professional men of Asbury Park, but of this section of the North Jersey coast.

William J. Couse, the president, was a merchant at Farmingdale, N. J., nine years

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ago. Coming to Asbury Park he entered the Asbury Park and Ocean Grove Bank, but resigned five years later to become treasurer of the Asbury Park Building and Loan Association, an office he still holds. Two years ago, when the First National Bank of Manasquan suspended, Mr. Couse, at the request of Manasquan business men, undertook the organization of a new bank, which was successfully launched some months later as the Manasquan National Bank. He was made a director and is still on the board.

The vice-president of the new institution is Lee W. Berry, superintendent of the New York and Long Branch Railroad Company, having succeeded the late Senator Rufus Blodgett last year. Mr. Berry lives here and has become actively identified with the city's every interest. Mr. Berry was born in Illinois and has been a railroad man all his life. He began as a telegraph operator with the C., B. and Q., later going to the Clover Leaf at Frankford, Ind. When elected to the superintendency of the New York and Long Branch, Mr. Berry held a similar position with the Lehigh and Hudson River Railroad Company, with headquarters at Warwick, N. Y.

The secretary and treasurer, Francis A. Schilling, left the Irving Savings Institution of New York two years ago to assist in the organization and become cashier of the First National Bank of Ramsey, N. J. He had been with the New York institution for four years, having served in various departments. William C. Rogers, the assistant treasurer, had been for six years cashier and accountant for the coast branch of Swift & Co.

Besides Mr. Couse and Mr. Berry the board of directors includes Frank Durand, senior member of the local law firm of Durand, Ivins & Carton, one of the best-known law firms in this section of the State; former County Commissioner Howard D. LeRoy of this city; William Marshall, president of the Anglo-American Varnish Company of Newark, a resident of this city; L. Carbury Ritchie of Spring Lake, interested

with his father-in-law, Martin Maloney, in the Coast Gas Company, and president of the Lakewood, N. J., Gas Company; Albert Robbins, a local real estate and insurance broker, and George A. Smock, president of the Buchanan and Smock Lumber Company of Asbury Park.

Asbury Park has a winter population of 10,150, according to the last census. The continuous chain of towns from Long Branch, eight miles north to Spring Lake, a like distance south of here, has a winter population of 35,000. The last statements



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of the twenty banks doing business in Monmouth County showed total resources of \$15,031,240, and of this amount more than \$3,000,000 is divided between the two local banks.

So assured are Asbury Park business men of the field for a trust company in the city and county, that Mr. Couse could have subscribed the stock among fifteen men. It was distributed among a large number of shareholders, however.

COMMERCIAL NATIONAL BANK OF HOUSTON.

At the close of business, June 7, the Commercial National Bank of Houston, Texas, reported loans and discounts of \$2,551,786; surplus of \$500,000; net undivided profits of \$96,244; total deposits of \$4,471,557, and total resources of \$6,067,802.

TO RIVAL BIGGEST BANK.

The proposed merger of the Continental and Commercial Bank and the Hibernian Bank would give Chicago an institution rivaling the National City Bank of New York in the amount of its deposits. The former, which is the result of the merger of the Continental and Commercial, is already the second in size in the United States. Before the consolidation was effected the First National was the largest bank in Chicago, with more than \$100,000,000 deposits. Now the Continental and Commercial has \$176,453,677, just ahead of the National Bank of Commerce of New York with \$176,313,174.

These figures are taken from the statements made at the time of the last bank call on June 7. The deposits of the City National at that time were \$238,986,681. The Hibernian Bank has deposits of \$26,500,517. With the addition of this sum and the deposits of the Continental and Commercial Trust and Savings Bank, the consolidated institution would have \$223,360,199, or within \$15,000,000 of the National City.

JOLIET, ILLINOIS, BANKS COMBINED.

The First National Bank of Joliet, Ill., with its capital stock and surplus of over \$275,000, and the Citizens' National Bank, with capital and surplus of \$125,000, have

been consolidated under the name of the First National Bank of Joliet, with a combined capital and surplus of over \$400,000, assets of over \$3,500,000 and deposits of over \$3,000,000.

All of the officers and employees of the Citizens' National have been retained in the combination, the complete list of officers being as follows: President, George Woodruff; vice-presidents, F. W. Woodruff, A. H. Wagner, W. D. Moore, John K. Bush; cashier, Henry O. Williams; assistant cashier, A. J. Stoops; secretary, George Erb.

The consolidated First National will be the largest bank in Northern Illinois, outside Chicago, and indeed the third largest in the entire State outside the metropolis. It has for a long time been arranging relations that will make the institution recognized as one of the really great banks of



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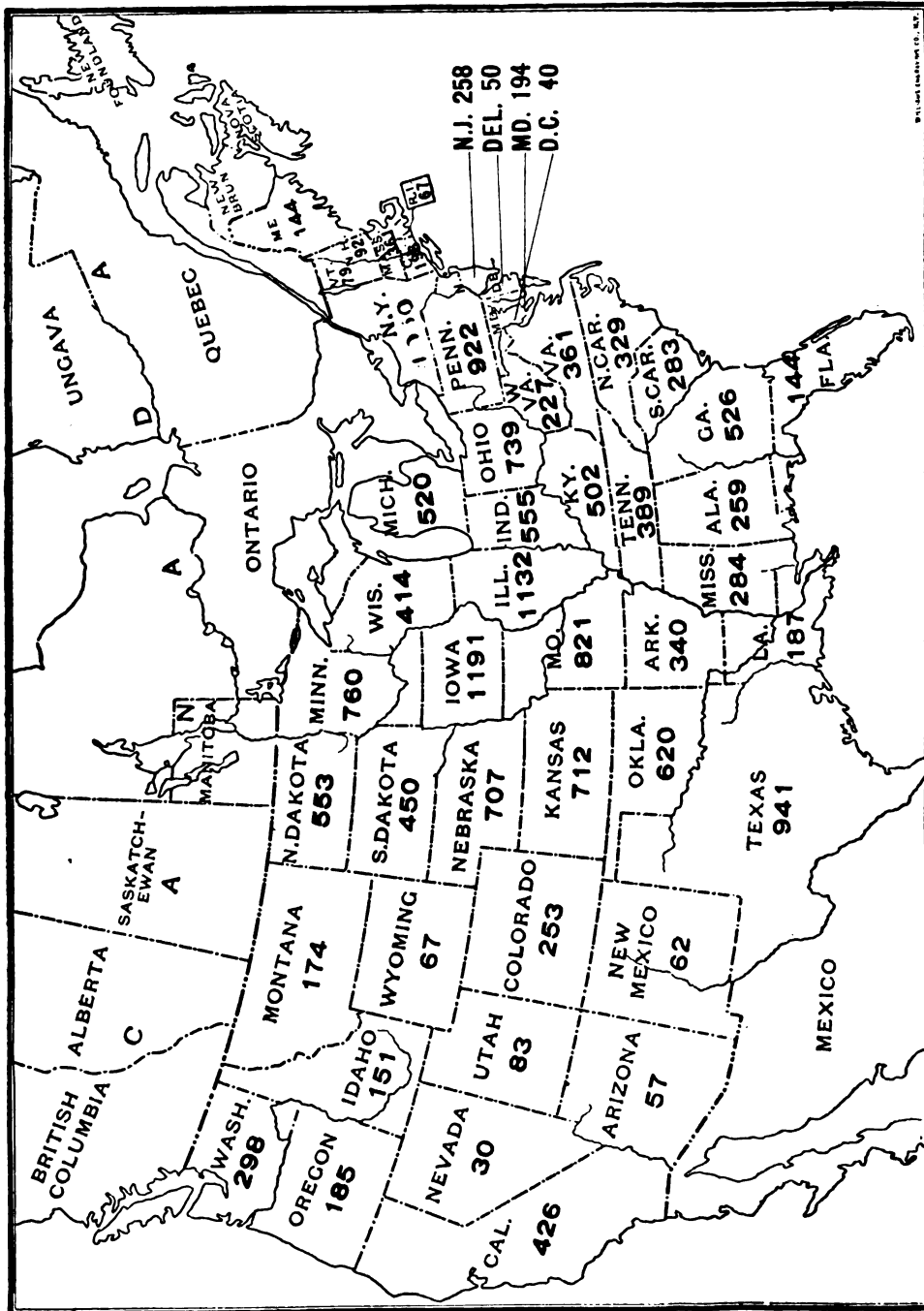
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While our Sixty-fifth Anniversary Number, in addition to the many excellent regular features of the magazine, will contain several strong and interesting special articles, it will not be overloaded as special issues so often are.

One of the principal purposes of this anniversary number will be to call the attention of the bankers of the United States to what the magazine is doing (1) for sound currency, sound banking and sound finance; (2) and in pointing out to banks ways for insuring greater economy and efficiency in management and in adding to their business and profits.

It is our purpose to place a copy of the Sixty-fifth Anniversary Number in the hands of every banker in this country and Canada.

The distribution of the 20,000 guaranteed circulation of this number is shown on the map on the opposite page.

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the country and the officers expect that it will wield among them an influence that will be of great value to Joliet.

Besides the retention of the officials and employees of the two banks, the directors of both are to be retained in the new directorate, which will be as follows: George Woodruff, F. W. Woodruff, Ribert Pilcher, James Lyons, J. C. Beattie, M. W. Cushing, Andrew H. Wagner, William D. Moore, John K. Bush, J. E. Bush, G. W. Bush.

Robert W. Pilcher will be chairman of the discount committee of the First National Bank.

All the stockholders of the Citizens' exchange their stock and become stockholders of the First National Bank.

THE FIRST NATIONAL BANK OF RICHMOND, VA.

At the close of business on June 7 this well-known bank rendered an exceptionally good statement capitalized for \$1,000,000. It has a like amount of surplus, undivided profits of \$176,882,000, individual deposits of \$6,057,389, and total deposits of \$7,741,984. The First National Bank of Richmond was established in 1865 and has been continually building up a reputation for fair and conservative dealing.

GOUGHAN NATIONAL BANK OF NEW YORK.

Frederick Fowler, formerly a vice-president of the New York County National Bank, has just been elected vice-president of the Gotham National Bank, at Columbus circle and Fifty-eight street. Mr. Fowler retired from the management of the New York County National in 1907 to become a vice-president and director of the Bank of Commerce and Trust Company of Memphis. He had previously been confidential assistant to James Stillman when the National City Bank was under the latter's direction as president. The Gotham National began business a little over a year ago (in April, 1910) and its deposits are now in the neighborhood of \$1,600,000.

NATIONAL TRADESMEN'S BANK OF NEW HAVEN, CONN.

At a regular meeting of the directors of the National Tradesmen's Bank of New Haven, George M. Gunn was elected to the presidency of that institution, to succeed Warren A. Spalding, deceased.

Mr. Gunn is a graduate of the Yale Law School, and has served as prosecuting attorney of the Court of Common Pleas of New Haven county and as judge of the Probate Court of Milford, where he resides.



GEORGE M. GUNN

He has also served many terms in the State Legislature, and is well known throughout the State in legal, political, business and banking circles.

The record of the Tradesmen's Bank has been one of steady progress. The March 7 statement shows capital of \$300,000; surplus and profits of \$397,385; loans and discounts of \$1,269,480; deposits, \$1,544,177, and cash and reserve of \$612,220.

FIRST TRUST AND SAVINGS BANK OF CHICAGO ENLARGES QUARTERS.

The growth of its trust business has compelled the First Trust and Savings Bank to prepare new and enlarged quarters for its trust department, located on the street floor at the northeast corner of the First National Bank building, with a direct entrance on Dearborn street and entrances from the bond and savings departments and the lobby of the building. This new space, occupying nearly the entire north half of the Dearborn Street side of the building,

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has been arranged and equipped with every modern facility for the transaction of trust business and the convenience and comfort of the bank's customers. The lobby and customers' waiting room of the new department are fitted in marble and bronze and the officers' quarters and customers' consultation room in mahogany.

The growth of trust business in Chicago is well illustrated in the case of the First Trust and Savings Bank, which is directly controlled by the First National Bank of Chicago, with J. B. Forgan as president. The First National has at the present time deposits of \$116,947,742. Its trust department was started at the time of the bank's organization in 1903, but soon outgrew its quarters and several years ago required the enlargement of the banking offices for its accommodation. It was thought at that time the new space would be sufficient to accommodate its needs for a number of years, but the large and varied business of a fiduciary character entrusted to it has necessitated the present removal of this department.

IOWA NATIONAL BANK OF DAVENPORT.

Charles Shuler, the prominent Davenport capitalist and coal mine operator, has been elected president of the Iowa National Bank, to succeed J. E. Burmeister, recently resigned on account of ill health. Mr. Shuler has had an extensive and successful business career which will serve him well in his new position. Fourteen years ago Mr. Shuler moved to Davenport with his family, and from this point has directed his large mining interests in the Illinois coal fields. Several years ago he built a palatial home at East River and Mississippi avenue, one of the finest in the tri-cities.

cashier of the Merchants National Bank of Cedar Rapids, Iowa, was elected cashier to succeed Frank R. Elliott, who was elected to the position of treasurer. Howard W. Fenton, who for some months has served in the dual capacity of vice-president and



HARRIS TRUST AND SAVINGS BANK, CHICAGO.

At a recent meeting of the directors of the Harris Trust and Savings Bank of Chicago, John S. Broeksmit, formerly

J. S. BROEKSMIT

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treasurer, continues in the position of vice-president.

At the same meeting \$250,000 was carried from the undivided profits to the surplus account, making the surplus \$1,500,000. The stock will be increased shortly from \$1,250,000 to \$1,500,000. The bank was incorporated early in 1907 with a capital of \$1,250,000 and a surplus of \$250,000; thus the bank in approximately four years has earned a surplus equivalent to its original capital.

DIAMOND NATIONAL BANK OF PITTSBURGH.

At the commencement of business June 7, the Diamond National Bank of Pittsburgh, now in its thirty-sixth year, has total resources of \$7,999,874; surplus and undivided profits, \$1,620,330, and deposits of \$5,474,903. The Diamond Savings Bank, affiliated with the Diamond National, has deposits of \$1,364,530.

ATLANTIC NATIONAL INCREASES CAPITAL.

At a recent meeting of the stockholders of the Atlantic National Bank of Providence, R. I., it was voted to increase the capital stock of the bank from \$225,000 to \$300,000. It is expected that all the new

stock will be taken by the present stockholders in the proportion of one share of new stock for every three shares of old stock owned. The growth of the Atlantic National under its present management is shown by an increase in deposits from \$250,000 to the present total of over \$2,500,000, and the enlargement of its capital will enable the bank to furnish increased protection to its depositors and care for a still larger business.

CANADIAN NOTES

VICE-PRESIDENT BANK OF HOCHELAGA RESIGNS.

The directors of the Bank of Hochelaga have accepted with great regret the resignation of Mr. Robert Bickerdike, M. P., as vice-president and director of the bank, who leaves to become vice-president of the new International Bank of Canada. No action was taken in appointing his successor.

Mr. Robert Bickerdike is one of the most prominent figures in Montreal financial circles. He is also prominent in Federal politics. He is sixty-seven years of age. He organized the Dominion Abattoir and Stock Yards Company and also the Dominion

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Live Stock Association. He is president of the Live Stock Assurance Company and has been promoter and president of the Standard Light and Power Company, the Adirondack and St. Lawrence Rapids Tourist Line. He has officiated as president of the Montreal and Great Lakes Steamship Company, Ltd., and of the Robert Bickerdike Company, Ltd.; as vice-president of the Hochelaga Bank, president of the Montreal Board of Trade, first vice-president of the Western Hospital.

Mr. Bickerdike has been, and still is, director in a large number of companies, including the Canadian Marconi Wireless, Western and British American Fire and Marine Insurance Company, the Imperial Guarantee and Accident Insurance Company, former member of the Montreal Harbor Commission, life governor of the Montreal General Hospital.

TORONTO GENERAL TRUSTS CORPORATION

Public confidence in the Toronto General Trusts Corporation is well shown by the growth in the assets committed to its care during the last ten years: In 1900 the assets totaled \$14,846,902; in 1901, \$18,900,090; in 1902, \$18,694,802; in 1903, \$19,746,327; in 1904, \$21,307,267; in 1905, \$27,718,456; in 1906, \$29,973,667; in 1907, \$31,440,033; in

1908, \$33,635,066; in 1909, \$36,271,329; in 1910, \$39,895,514. During this period very large sums have been paid out to beneficiaries of estates in the care of the corporation.

LA BANQUE NATIONALE INCREASES ITS CAPITAL.

The stockholders of La Banque Nationale of Quebec on May 17 approved a proposition to increase the authorized capital from \$2,000,000 to \$5,000,000. The annual report for the year which has just closed shows profits of \$262,513, which with the balance brought forward from the previous year of \$26,014, makes a total sum of \$288,527 available for distribution. This was apportioned as follows: Dividends took \$170,000; pension fund, \$5,000; reserve fund \$100,000; leaving a balance at credit of profit and loss of \$43,527. The bank has over \$5,000,000 of quickly available assets forming a very large proportion of their total liabilities to the public. The total assets of the bank stand at \$17,741,000. The present paid-up capital of the bank stands at \$2,000,000 and the reserve fund at \$1,300,000. The directors have been authorized to increase the capital by \$3,000,000. The showing made by this bank is entirely satisfactory, the past year being the best in its history.

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BANQUE INTERNATIONALE DU CANADA.

The Banque Internationale du Canada, which expects to open its doors at the head office in Montreal, about July 3, will see another institution of gigantic proportions enter the banking world.

The new bank has an authorized capital of \$10,000,000, which has been already over-subscribed. A majority of the stockholders are in Europe, chiefly in France, Switzerland, Belgium, but amongst the names of Canadian shareholders will be found the foremost business men of the Dominion.

The moving spirit has been Mr. Rudolphe Forget, M. P., the well-known financier of Montreal, and it is confidently expected that he will be elected president at the inaugural meeting of shareholders, which takes place in that city on the twenty-sixth inst.

Associated with Mr. Forget in the enterprise are such gentlemen as Robert Bickerdike, Esq., M. P., for twenty years vice-president of the Hochelaga Bank; Mr. J. N. Greenshields, K. C.; Sir George Garneau (Quebec), Hon. L. O. Taillon, and three or four representatives of the foreign shareholders.

The institution will be international in character as well as in name, and will open

branches in all the principal cities of Canada, and also in Paris.

A full and complete list of correspondents has already been secured, amongst which will be found many of our foremost banks.

CANADIAN BANK OF COMMERCE.

This important Canadian bank has determined to make an issue of 40,000 new shares of \$50 each. Its action in this respect is not surprising, in view of the fact that since the beginning of 1903, when the last new issue of capital was made, the deposits have risen from about \$72,000,000 to about \$130,000,000 and the total of the balance sheet has grown from \$91,000,000 to \$156,090,000. A bank of the size of the Canadian Bank of Commerce is bound from time to time to increase its capital to meet the growing demands of its business. The reserve has certainly been steadily increased of late, so that it now reaches \$8,000,000, but, of course, the present issue will involve a further increase in this fund. The new shares are to be issued at a premium of \$10 each, producing a total sum of \$1,600,000, which will be added to the reserve. The position will then be that the paid-up capital will amount to \$12,000,000 and the reserve to \$9,600,000. As the new shares are

bound to be issued to the shareholders, they will receive one new share for every five held, and the price of issue, including the premium is equal to about £18 per share, now quoted in the market at about £24 per share. The profit on subscription is therefore important, and it is noteworthy that the shares have risen to some extent since the announcement of the issue—a movement which may be accounted for by the fact that by the Canadian Bank Act the bank is unable to issue fractions of shares, and accordingly shareholders, if they wish to obtain their full allotment, must bring their holdings up to five shares or multiples of that number.

IMPERIAL BANK'S FINE FIGURES.

The Imperial Bank earned last year over fifteen per cent. on its capital, the net profits for the year being \$841,692, exclusive of the \$769,559 which the bank received as premium on its new capital stock.

The recent annual meeting revealed the fact that the thirty-sixth year of the bank was the best in its history. For the past year the net profits were \$139,000 in excess of the profits for the previous twelve months.

Other evidences of the bank's prosperity are shown by the fact that it increased its dividend during the year, that its note circulation increased by \$650,000, its deposits

by over \$4,000,000, and its total assets by nearly \$7,500,000.

The bank is particularly strong in specie and Dominion notes, these totalling over \$10,000,000. Other quickly available assets total over \$18,000,000, so that the bank has altogether over \$28,315,000 in quickly available assets. The total assets of the bank now stand at \$63,710,000.

BANK OF NOVA SCOTIA.

During 1910 the Bank of Nova Scotia obtained authority in the regular way from the Treasury Board at Ottawa to increase its authorized capital from \$3,000,000 to \$5,000,000. On December 13, 1910, the board passed a resolution allotting \$1,000,000 of the \$2,000,000 increase to the shareholders as of record on that date and fixed the issue price at \$268 a share. According to the Canadian banking laws, shareholders have six months after notices are mailed to them in which to decide whether they will take up their allotment or not. The six months expired on June 21, and of the \$1,000,000 allotted, 88.82 per cent. of the stock has been taken up, and a large proportion of this paid in full on subscription. Shareholders who have not paid up their stock on taking up their allotment will be called, in accordance with the provisions of the banking laws, and will have pay ten calls of \$26.80 per share, the first of such calls maturing on August 1 next, and thereafter at intervals of not less than thirty days.

EMPLOYEES' PENSION FUND

AT the beginning of the present year the Northwestern National Bank and the Minnesota Loan & Trust Company, both of Minneapolis, joined with their officers and employees in the establishment of a fund to be known as The Northwestern National Bank Pension Fund.

The fund consists of contributions made by the members (the amount being a small percentage of each member's yearly salary), and contributions from the bank and trust company, the amounts of which bear a definite relation to the amounts paid by the members.

The moneys contributed are in the care

of a board of trustees who have charge of their investment and proper application to the uses for which the pension fund was founded. These uses are, in brief, to care for officers or employees of either institution in case of disability or accident, to relieve the necessities of their dependents in case of death, and to provide an old age annuity for those who have given their lives to the service and who may retire in security when too old for energetic employment.

The trustees of the fund are elected annually from the directorates of the bank and trust company and from the members.

BANKS CLOSED OR IN LIQUIDATION

ILLINOIS.

Albany—First National Bank; in voluntary liquidation, June 7.

KENTUCKY.

Uniontown—First National Bank; in voluntary liquidation, May 10.

Bowling Green—Bowling Green National Bank; in voluntary liquidation, May 31.

OHIO.

Cadiz—Farmers & Mechanics National Bank; in voluntary liquidation, May 29.

Loveland—First National Bank; in voluntary liquidation, May 25.

TEXAS.

Tioga—First National Bank; in voluntary liquidation, May 12.

Texas—Jester National Bank; in voluntary liquidation, May 23.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR

AUGUST, 1911

VOLUME LXXXIII, NO. 2

COMBINATIONS IN BANKING

FILLED with that fresh enthusiasm which not infrequently characterizes the newcomer into the political field, Governor WILSON of New Jersey, in one of the addresses recently made to his fellow citizens, ventured to hint very briefly that we are threatened in this country by a combination of credit institutions, and he warned us against the dangers of a combination of this kind.

A New York newspaper that has greatly admired the New Jersey Governor at once took him to task for saying anything so jejune, and ridiculed the idea that there could be anything of the kind. He really must never again say anything so silly if he expected seriously to be considered as a Presidential possibility. So far as we know, the Governor meekly accepted his mentor's counsel.

Speaking in Faneuil Hall, Boston, on Independence Day, President CHARLES W. ELIOT of Harvard also counselled against the dangers of combinations of credit. President ELIOT has a way of saying what he thinks, and perhaps having no political axes to grind, it will be pretty hard to make him keep still.

Do such combinations exist already? And if so, are they dangerous?

Observers of banking in most of the large cities can not have failed to notice that in certain matters a group of banks will always act together. In the larger cities there may be several of these groups. It is rare—probably

unknown—to see the banks all acting in concert in handling a big financial deal. One member of a certain group will not "come in" to any particular transaction unless all the banks in the group are allowed to participate. If a particular financial enterprise does not accord with the policy of the leaders of a group, it is useless to seek to interest the other members—they act in concert or not at all.

In the making of loans the same principle apparently applies. Neither the standing of the borrower nor the quality of his collateral counts for anything—the loan simply does not fit in with the policy of the group.

It has been said that all banks in the large cities are not in the same group. It should be said also that many banks are in no group at all but preserve their autonomy. These banks are free to take up anything that offers safety and profit, whether it benefits a particular group or not. They can also make loans to anybody whose security is good.

Another form of combination among credit institutions is to hamper the organization of competing banks. Powerful financial groups may combine to influence a bank commissioner, and may even dictate his appointment. It must be said, however, that there is no apparent lack of either State or national banks. There is plenty of bank competition of every kind.

And we do not believe that the com-

bination of credit has proceeded to an extent as to be dangerous to anybody as yet. The credit factories seem to be turning out a pretty large grist. The present danger to the country, we should say, lies in the too free granting of credit rather than in the curtailment of it.

But the warnings of Governor WILSON and President ELIOT are nevertheless timely and should be seriously considered. Of all forms of combination and monopoly none can become more deadly than a combination of credit. To give or to withhold the lifeblood of commerce merely as it benefits or injures the investments, enterprises and interests of the institutions controlling the granting of credit—that would put the country's industry and trade at the mercy of the banks, should any combination ever become powerful enough to exercise a dominating influence.

Probably no country in the world can boast of the freedom and independence enjoyed by the banks of the United States. And the banks, instead of finding their prosperity in putting restraints on the wise and legitimate expansion of trade and industry, are absolutely dependent upon such expansion for their own prosperity.

POLITICAL ASPECTS OF THE RESERVE PLAN

WITH a Presidential campaign impending, the political aspects of the proposed National Reserve Association are being taken into account.

In his address before the recent convention of the Massachusetts Bankers' Association, Hon. JOHN W. WEEKS, a member of the Monetary Commission, expressed the belief that the bill for establishing the Reserve Association would not provoke bitter political hos-

tility. He thought the measure was so obviously in the interest of sounder banking and business conditions that Democrats and Republicans would unite in its support. The President in his speeches has expressed similar views.

The differences between the two leading political parties in recent years have been more in name than in principle, and it has become increasingly difficult for Democrats and Republicans to find anything to quarrel about. If the people seem to favor the Aldrich measure, it would not be surprising to see the two parties unite in passing it when Congress meets again in December.

It will, of course, be a curious spectacle to the student of our political history to see the Democrats voting for a central bank, but not more curious than other things witnessed in Congress within the memory of those now living.

CLEARING-HOUSE ACTIVITIES

NEW YORK has finally adopted the example set by Chicago in appointing a clearing-house examiner to have supervision of the local banks. This plan has been tried by a number of other cities and has seemed to constitute an admirable form of inspection supplementary to the supervision exercised by the State and Federal governments. Indeed, the Comptroller of the Currency has urged upon the national banks the propriety of instituting clearing-house examination wherever practicable.

The growth of this idea and its demonstrated practicability give rise to the thought that the clearing houses of the country have by no means reached the limits of their usefulness. The Boston method of clearing out-of-town checks

shows the possibilities of a further employment of the clearing-house machinery in a manner that would result in a great saving of time and expense. Probably, with a slight extension of their powers, the clearing houses could do all that may be accomplished by the proposed Reserve Association and perhaps with greater ease and efficiency. Should the clearing-house method of bank examination become general, as now seems probable, the clearing houses of the country would have a line on the banks that would enable them to determine pretty accurately as to their conditions and needs. If a form of practical coöperation were devised the clearing houses, acting together, could perform most of the functions it is proposed to confer on the Reserve Association. Of course, if the clearing houses were endowed with the privileges of the latter, it would be merely a case of exercising the same functions under a different name. But the necessity of setting up a new and elaborate piece of machinery could be avoided. It might, however, be a somewhat slow process for the clearing houses to work out by experience a method as effectual as the Reserve Association would furnish.

COMPLICATED CORPORATION LAW

CURIOS conditions are met with by corporations doing an inter-State business. Recently a well-known New York engineering firm, having a contract for certain work in Iowa, was compelled, in order to escape burdensome taxation, to take out a special charter. The firm referred to does business under a New Jersey charter, and has a capital of \$3,000,000. It seems that the State of Iowa, and many other States, taxes corporations on the basis of their capital stock. Thus the firm referred to, doing the work under its New Jersey charter, would be taxed

on the basis of its \$3,000,000 capital. To avoid this tax, a special charter was obtained from the State of Delaware, and the capital fixed at \$10,000. So the work will actually be done by the same firm, but the smaller capital named in the Delaware charter will result in a great saving in taxation.

Officers of corporations doing an inter-State business are familiar with the difficulties encountered whenever a new State is entered. Not only must onerous taxes be paid, or evaded by subterfuges of various kinds, but complex and irritating conditions have to be complied with before a corporation is permitted to do business. Under the guise of a franchise tax, foreign corporations are virtually paying for the privilege of carrying on inter-State commerce, and their business hampered by legal restrictions often originating more in a spirit of hostility than in a desire to protect the public. These restrictions not infrequently tend to create a monopoly by shutting out the competition that would follow if the corporations of other States were given a fair field.

While many sound objections may be urged against a Federal incorporation law, perhaps the corporations may be driven to ask for it in sheer desperation, to protect themselves against the burdens imposed by the numerous State governments.

When a man can do business in New York until three or four o'clock in the afternoon, and can reach Chicago or St. Louis in time for business the following day, and when one may sit in an office and talk with a customer a thousand miles distant, it is obvious that the fast railway train and the telephone have obliterated State lines, so far as business is concerned. But State legislatures have failed to take cognizance of this fact.

While the corporations must expect to pay reasonable taxes and to submit

to such conditions as may be essential to afford protection to the public, they certainly have just grounds for resentment in being compelled to submit to the exactions imposed by half a hundred States.

JACOB'S VOICE, BUT ESAU'S HAND

FINDING that Mr. ALDRICH's name in connection with the proposed National Reserve Association does not call forth any great degree of popular enthusiasm for that measure, it is now proposed in certain quarters to eliminate the ex-Senator's name from the scheme entirely. This moves the New York "Sun" to make the following protest:

"It has long been recognized that Mr. ALDRICH does not enjoy that sort of popular affection which is lavished on such statesmen as the Hon. JEFF DAVIS, the Hon. BATTLE BOB and the Hon. JAMES EDGAR MARTINE. His public career has included nothing to indicate that he coveted such distinction. Yet he has been recognized as a man of the highest ability, wide experience and superior mental powers, as such powers are revealed in the business world. Can it be possible that American public opinion has sunk so low as to reject a plan of currency and banking reform, not on its merits, but merely because of a name?"

As the Republican leaders in Congress blindly put the banking reform scheme into Mr. ALDRICH's keeping, it does seem a trifle inconsistent now to try to throw him overboard after he has brought forth a measure that has been so well received by the bankers of the country. Besides, everybody knows now that he is the author of the Reserve Association plan, and to call it by some other name will deceive nobody. It would be the voice of Jacob but the hand of Esau.

THE RISE IN PRICES

LIKE the thermometer, prices have continued of late to show a decidedly rising tendency. Of course, anybody by denouncing the farmer be due to the exactions of the trusts. But a careful examination of the comparative advances of different commodities will show that the articles controlled by the trusts do not lead the procession. On the contrary, farm products have advanced the most.

No political capital can be made by anybody by denouncing the farmer because he gets as much as possible for his products, and therefore Congress may be expected to let the farmer enjoy the fruits of his prosperity. The trusts, which have kept their products from advancing as high as raw materials have advanced, will be destroyed if possible.

Many of the mills throughout the country are reported idle, and personal observation in leading manufacturing districts confirms this report. With wages and raw materials at top-notch figures, the manufacturer must either suspend or increase the prices of what he makes. The limit of what may be done in the latter direction seems to be in sight.

The readjustment of the scale of prices usually following a crisis does not seem to have taken place, except to a limited extent, since 1907. Perhaps the readjustment, though long delayed, may have to come yet before the business of the country will proceed along normal lines.

CHECKING CREDIT EXPANSION

E

would charge an extra commission on loans.

Germany has been for some time experiencing great industrial prosperity and the demand for credit has been so great as to tax even the large banks of that country quite heavily. The action taken recently to make an extra charge for banking accommodation will tend to prevent undue expansion.

In view of this action of the German banks, it becomes pertinent to call attention to what appears to be the dominant idea in regard to banking reform in the United States, namely, a belief that credit can be expanded indefinitely. This belief lies at the bottom of nearly every financial plan yet promulgated. Unless we mistook what he said, the distinguished chairman of the National Monetary Commission, speaking at the trust company banquet in New York some time ago, declared, in substance: "What we need is to provide some means whereby the banks will be supplied with an unlimited source of credit." One of the veteran bankers of New York, recently discussing the conditions in the 1907 panic, said that what we needed at that time was not more bank notes, but more bank credit. Yet it will be recalled to what extent credit had been expanded already when the crash came.

A well-known Western banker, talking with the editor of this MAGAZINE in the summer of 1910, stated that conditions were then ripe for a panic. "It only needed somebody to strike a match to start the conflagration," he declared. Very shortly after this something happened that speedily removed the danger that then threatened. The New York banks began to make a substantial reduction in their loans, and this policy was continued until the expansion of credit was corrected. They did, perhaps in a different way, what the German banks are doing now.

While the creation of the proposed

National Reserve Association would greatly improve the banking machinery of the country, and no doubt would provide an additional source of supplying credit besides being able to put some check on expansion, it may be questioned whether this remedy will be as efficacious as commonly supposed.

The banks of the country—particularly the reserve city institutions—would not so quickly exhaust their credit if they had more capital and more reserves, and if they could acquire the ability to hold back some of their lending power to be used when the pinch comes. Banks look upon reserves as idle and unproductive. That this view is fallacious is the opinion of so eminent an economist as Professor ADOLPH WAGNER, of Berlin University, who said recently on this subject: "Nothing could be more fallacious than to regard them as unproductive. They do not yield interest directly, and from the standpoint of the individual owner they are not income-bearing; but they are essential to the conduct of his enterprise and are therefore theoretically productive."

BANKS AS OWNERS OF BANK STOCKS

CONSIDERABLE interest followed the recent announcement that the National City Company had been organized in New York primarily to hold bank stocks which have hitherto been controlled by individuals identified with the National City Bank. It has been known, of course, for some time that this institution, or at least those affiliated with it, owned an interest in several other banks, but the incorporation of a company with a capital of \$10,000,000 to acquire bank stocks opens up possibilities of engaging in this business on a somewhat extensive scale.

There are many advantages that will accrue to a company of this kind. In the first place, the investments, properly made, should prove profitable, for the stocks of banks generally are paying good dividends and increasing in value. A bank of large size, by owning and controlling a number of other smaller banks, gains some of the benefits of the branch banking system. To have the stock of these banks owned by a large institution also tends toward safety and stability in the management.

The objections which might be urged against the big banks gobbling up the little ones are chiefly those which may be brought against any movement in the direction of monopoly. But with perhaps 25,000 banks in the country, it is hardly probable that the banking business will be monopolized by any one bank or even by a number of the great and powerful institutions.

Probably, from the standpoint of a bank's prosperity, it is best to have the stock of a bank chiefly owned by local business men, who become very efficient agents in securing new accounts. But there is, no doubt, a considerable amount of bank stock which local demands will not absorb, and this may very properly be held by a company of the kind referred to above.

HEAVY TAXATION OF CAPITAL

NEW YORK STATE has experienced the harmful effects that follow attempts to lay heavy and burdensome taxes upon capital. The inheritance taxes imposed in the State have been so excessive as to drive much capital to other States, and instead of the taxes producing an increase of revenue they have actually caused the revenues to fall off.

Capital profitably employed ought to pay its just proportion of taxation, but when excessively taxed the result is

nearly always like that in the case above mentioned. A cheap and abundant supply of capital is one of the prime factors of a community's prosperity. And this can not be had where taxation is excessive.

INVESTMENT BUSINESS OF THE TRUST COMPANIES

AGITATION of various kinds has been carried on against banks and trust companies of late. One of the many curiosities of legislative proposals that have come to the surface in New York lately was a bill proposing to prohibit trust companies from issuing statements to the public or to depositors inviting investments in securities, and forbidding such companies from "engaging in brokerage business in stocks and bonds." Brokers and bond houses that have had a somewhat slack season would doubtless be gratified if such a bill were passed, for it would help toward giving them a monopoly of the investment business.

In the last few years the trust companies, and even the national banks, have gone into the investment business to an extent not heretofore known. This has been the natural and inevitable consequence of the increase in the volume of stocks and bonds offered to the public owing to the immense increase in corporate activity. If the bank depositor did not furnish the gastric juice necessary to assimilate the vast mass of securities coming into the market's stomach, the volume of undigested stocks and bonds would be much greater than it ever has been.

Even the greatest banking houses find the banks and trust companies indispensable coadjutors in placing new issues of stocks and bonds.

The trust companies and banks have built up an elaborate system of mechanism for carrying on an invest-

ment business, and through their depositors are in close touch with the investing classes. It is very natural that those having money to invest should turn to their bank. This is, we believe, the universal custom in France.

We have, of course, in this country developed a class of investment bankers of great skill in their special line. Indeed, some of these houses outrank the banks and trust companies in investment matters. They are trained specialists. It is doubtful if they are jealous of the banks and trust companies that have gone into the investment business but rather welcome them in a field where there is room for all. The more legitimate investments handled by the banks and trust companies, as well as by the investment houses, the less money will be wasted on "get-rich-quick" schemes and unsound enterprises.

CLEARING-HOUSE EXAMINATIONS

URGENT recommendations are made in a circular letter recently sent out by Comptroller MURRAY in favor of the adoption of the system of clearing-house examinations already in force in a number of cities.

In justly praising this system, the Comptroller has called attention to the best kind of bank examination—that made by the banks themselves. The national and State examiners can see that the laws are complied with; the clearing-house examiners can do more than that—they can see that the bank is being properly conducted, and if not, can compel a change.

Perhaps the experiences gained by the success of clearing-house supervision may cause the banks to see other possibilities in the clearing-house organizations. Is not here an instrumentality ready at hand that could, with a slight enlargement of its powers, do

all and more than the proposed Reserve Association?

In the first place, the clearing house can stop bad banking. And we suspect that bad banking—unwise expansion of credit and the consequent weakness of many banks—lies at the bottom of our banking troubles. And the discount rate, and all that, could be regulated by the clearing houses quite as effectually as by the central bank or Reserve Association.

In recommending the clearing-house plan of examination, Comptroller MURRAY says:

"The greatest force in this country to-day for safe and conservative banking is a well organized clearing-house association having its own clearing-house examiner, and it is my earnest wish that at least every reserve city shall have its own clearing-house examiner.

"The three central reserve cities, New York, Chicago and St. Louis, have adopted the plan, and in addition a number of reserve cities, including Kansas City, Minneapolis, St. Paul, St. Joseph, Los Angeles, San Francisco, Milwaukee, Philadelphia, Oklahoma City, Nashville and Cleveland.

"Every one of the objections always urged against a clearing-house examiner was used before these clearing-house associations adopted the plan, and every single one of the objections, by actual experience, has fallen to the ground. The fact is that no real argument from any angle can be made against the wisdom and efficiency of such a plan of supervision. Give to the State supervisors of banks all the power they ask; give to the Comptroller of the Currency all the power he may want, and then let each select the very best examiners available, and, even with these ideal conditions an effective clearing-house association, with an efficient clearing-house examiner, will be by far a more potent factor for

sound banking in the community than either or both combined.

"The total assets held by all the banks in the United States will approximate \$22,500,000,000, making the banking power (capital, surplus, circulation and deposits) of the country \$21,000,000,000, a sum greater than the combined banking power of the United Kingdom, France and Germany. Of this vast total more than one-half is in the central reserve and reserve city banks, and represents a power exceeding that of the United Kingdom, and also exceeding the combined banking power of France and Germany.

"Nearly one-fourth of the banking power of the country, as a whole, is lodged in the central reserve cities alone—New York, Chicago and St. Louis—and more than another one-fourth is represented by the banking strength of the forty-seven reserve cities.

"No stone ought to be left unturned to securely safeguard the handling of this great wealth. If we are to have supervision of banks at all let us have the best that can be had. And by all means let us have it in our reserve cities. That supervision is not the State examination and control; it is not the national examination and control, but it is the control of an efficient clearing-house association and an efficient clearing-house examination, under the authority and with the advice of a clearing-house committee composed almost without exception of the ablest and most experienced bankers."

BUSINESS STILL HALTING

CONSEQUENT upon too much political agitation, present or prospective, business seems still in a hesitant mood. The tariff, like the poor, we have always with us. No sooner shall we get reciprocity with Canada

than a host of new tariff proposals will crop up. Protection seems to have lost its charm as a vote-getter, and now the Republicans are leaning toward what would have been regarded as free trade a generation ago.

Not only shall we have the tariff in the next session of Congress, but the banking and currency system will be debated and perhaps changed in important respects.

Some day the country may definitely settle upon its tariff policy, and some day, too, we may quit trying to disregard the world's experience in banking and currency.

Business men are making wry faces while these disquieting changes are in the making, but let us hope that the final result will be for good. The country has grown so fast that the tariff probably needs readjustment, and certainly no one can claim that our banking system is free from imperfections that seriously hamper the country's commercial progress.

DEPARTMENT-STORE BANKING

AS is well known, the above characterization has been, not inaptly, applied to the business of trust companies as carried on in the United States. But even the trust companies can not exercise every banking function. They do not issue notes, can not act as reserve agents for national banks and can not qualify as United States depositories.

In an address delivered some time ago before the Beacon Society of Boston, President DANIEL G. WING of the First National Bank of that city, said:

"My own theory is that a national bank should be organized somewhat upon the department-store plan, and my ambition in building up the bank with which I am connected has been to enable its customers to do every kind of

banking business under one roof and one organization."

On the score of convenience this would be a great boon for the customers of banks, and where the institution was a great and strong one it would also be a source of gratification to a patron to know that he could have all his financial transactions conducted with the same safety as that appertaining to the handling of his ordinary deposit account.

Several of the States are remodelling their banking laws and are providing for just such department-store banks as Mr. WING refers to—California, Texas and Ohio being good examples of such States. Very wisely, as we believe, the laws do not compel the banks to do a trust and savings business, but permit them to do this class of business if they choose. If Mr. ALDRICH's Reserve Association plan gets through, the national banks will then also have the right to do a trust and savings business. When the banks of the country are all given substantially the same rights, the reasons for maintaining two separate classes of banks—State and national—will be fewer than now, but it does not follow that the State banks would all come into the national system. Many of them might prefer to remain under State laws and State supervision. Should, however, some profitable privilege be conferred exclusively upon the national banks, this would undoubtedly hasten the disintegration of the State systems.

FORM OF THE BANK STATEMENTS

OCCASIONALLY the suggestion is made that the bank statements usually issued in this country are misleading in the size of their deposit totals. Not only are these "deposits" duplicated over and over again by our

system of redepositing reserves, but a large part of these deposits are not deposits at all as the term is understood in Europe, Mexico and other countries. Here it is the practice when a customer discounts a note to place the proceeds to his credit as a deposit. In most foreign countries the loan figures in the balance-sheet as "current accounts."

In one respect—the use the bank's customer may make of it—there is no difference between the two, and the similarity does not end here. But the two things are by no means the same. While a reserve may be necessary against the one as well as the other, the deposit of cash—or its equivalent—furnishes this reserve and more, too, but with the proceeds of the loan or current account the reverse is true—a reserve must be provided out of cash funds.

All this is doubtless very elementary to bankers, but it is a distinction that the public does not always make. Moreover, if the ordinary deposits and the proceeds of loans were reported under separate heads the two items could be readily distinguished without the computation now required to set them apart.

Not infrequently some political savior of the people causes great excitement by calling attention to the enormous volume of deposits in the banks and the comparatively small amounts of cash held by the banks. It is declared that there is not enough money in the country to pay these deposits. He loses sight of the fact that payment is not likely to be requested all at one time; but even if that event should happen, a large part of the deposits could be cancelled by a reduction of the loans.

In another respect our bank statements might be improved by stating separately the liabilities to the public and those to the depositors, as is done in Canada.

THE NEW GOSPEL OF EFFICIENCY

ONE of the favorite midsummer diversions has been the discussion of means for promoting industrial efficiency. Most of the discussion has been furnished by newspaper writers and by young men fresh from college. Theorists, economists and doctrinaires of all kinds have their nostrums ready to hand for enormously increasing the output of any sort of industrial establishment. Railway men who don't know anything about railroading except what they have learned by lifelong study and experience are being lectured by young men with the ink yet wet upon their diplomas, and shown how the efficiency of railway management may be increased a thousand per cent. or over. Fellows who are down and out and who have been failures at everything are talking glibly about industrial efficiency. "How To Succeed; by One Who Has Failed," promises to be one of the best sellers of the summer's book trade. All old methods must be discarded and sent to the scrap-heap. Untried and new-fangled plans alone are worthy of an institution that is progressive. Change for the pure sake of change is to be the rule.

Meanwhile the real workers of the country are saying little. They are showing how efficient work may be done. They know that experience has wise lessons to teach, and they are not unmindful of the demands of progress.

The banks will not escape the attention of these new preachers of the gospel of efficiency. Advice about how to run the bank will come from every source. The smallest part of this advice will be furnished by men who have spent their lives in the banking business and the most of it by those of the least experience. The volume of advice will be in inverse proportion to the amount of experience.

It is a sign of genuine progress when the workers in any branch of industry themselves seek for improved methods, but it may be an evidence of foolishness when the people as a whole are prepared so readily to swallow the nostrums prescribed by the theorist and to follow with willing feet after leaders who have no practical qualifications for the duties they assume.

CLOSER SUPERVISION OF BANKS

ANNOUNCEMENT was made recently by the Comptroller of the Currency that directors of national banks must meet at least monthly and that they must appoint a proper committee to look after loans and discounts. Failing to observe these requirements, a national bank examiner will look into the affairs of the bank four times a year, to see for himself just how things are going.

The supervision of the national banks by the Federal Government is becoming stricter all the time—some banks think the line of supervision is being overstepped and that the Comptroller of the Currency really means to show the banks how to manage their business, and a good deal of irritation is shown at each new promulgation of more and more stringent regulations.

While the National Banking Act does not contemplate that the national banks are to be managed by the Comptroller's Bureau at Washington, it surely does contemplate that they shall be managed by somebody, and where the directors fail to exercise their immediate supervisory powers over the banks with which they are affiliated they can not justly complain of interference by the Comptroller. A large degree of zeal in enforcing the banking laws and in making bank directors attend to their duties may be allowed to a Comptroller

of the Currency, even though some of the banks do not like it. Probably most of the Comptrollers have erred on the side of laxity more than on that

of severity, and a little strict disciplining of banks whose methods have been slipshod may have a toning effect on the management of all the banks.

COMMERCIAL PAPER AS AN INVESTMENT

By Edward D. Page, of Faulkner, Page & Co., Commission Merchants,
New York

MR. PRESIDENT and gentlemen of the Pennsylvania Bankers' Association: It must not be presumed that what I am to talk to you about to-day involves to any extent the local paper which bankers are, in a measure, obligated to take from their dealers, and about which they know more than any outsider. I propose to discuss only that paper which the banks buy on the open market, and not the paper of their own dealers.

In the evolution of our promissory note from what it was in the early part of this century a very different line has been followed from that which prevails and has prevailed in the financial arrangements of Great Britain and other foreign countries. The inland promissory note of these countries which is called over there a Bill, is an evolution from the foreign Bill of Exchange, and like it is based upon the credit extended in a single transaction, is drawn by one firm upon another, or upon bankers selected by that other firm and is accepted by the drawee or his agent. Such paper represents—and is in fact practically the only representative of credits extended by the seller to the buyer in those countries. Credits on open account do not exist except for nearly cash terms, or between retailers and consumers.

In the great business that has been built up in the United States by credit extended on open account there is no analogy to that of any of the foreign countries. In business affairs abroad when a paper in the form of a Bill of Exchange has been accepted by the drawee and returned to his creditor, it may then be discounted. In England

it is commonly discounted through the agency of a discount company which purchases this accepted paper from the drawer, puts its own name upon it, guarantees it and sells it to the banks. The banks do not investigate the credit; there is no need to investigate any other credit than the credit of the discount company. The discount company is in fact a note broker possessed of large capital, and whose endorsement upon any note makes it good. Of course the discount company has to know the credit of the drawer of the paper, and the drawer has to know the credit of the drawee. Each piece of paper then represents an individual sale on credit, and carries the merchandise from the time of its sale by the initial seller to the time of its sale by his customer.

SELLING ON LONG TIME.

In this country the system was formerly the same. Prior to the Civil War practically the same method was employed. The war utterly destroyed that way of doing business. The fluctuations of our irredeemable currency made it extremely risky either to extend credits on open account, or to purchase paper, maturing at any great length of time. A note or an open account might not be worth as much, or might be worth a great deal more at the time of maturity than at the time it was made. The consequence was that all credit was brought down to a very close basis, cash or thirty days' time, in the dry goods trade as in all other trades during the war and immediately thereafter. It was not until the ap-

proach of the resumption of specie payments that the system of selling goods on long time was again brought into existence.

When I first went into business thirty days was the longest credit extended to anybody, while to-day we are extending a credit of all the way from sixty days to six months. Such credits go on our books as open accounts due to us from our customer, and generally stay on our ledgers until they fall due and are paid.

In the late seventies, approaching the resumption of specie payments, dealings in commercial paper became safer, and the custom grew up of carrying such open accounts made on long credit by the sellers through the medium of their promissory notes made to own order. They were made to own order and then endorsed by the maker so that they could be negotiable without further endorsement, and further endorsement, as you know, unless the words "without recourse" appear upon it, means further guarantee. And so by degrees was built up the enormous business which now prevails in promissory notes, made readily negotiable by being written "to order" and bought as an investment by the banks.

SINGLE-NAME PAPER.

Ordinarily if a note is a single-name paper—the proof of the pudding is in the eating—it is better paper than endorsed paper, because it represents the transactions of strong concerns who do not need an endorser to make their notes pass. It is almost invariably paid, so invariably that the quantity of it that is not paid is almost negligible. As far as personal endorsement is concerned, it is customary only in cases of corporations where the paper is endorsed by its officers more as a moral guarantee than for any other reason. Other double-name paper is generally paper of a shady character, wherein, in some way, the responsibility of the drawer is doubted, or where it represents a book credit unpaid at maturity and extended by the term of the note.

What is the security behind the note

"to order"? Its security is, of course, a surplus of assets over liabilities in the maker's balance sheet. Therefore, the first thing that we need to consider is, what is the nature of those assets, and how should they be graded?

In the assets of any mercantile concern I figure that there are five grades easily recognizable:

First, naturally, cash, in till or in bank. This is, or should be, perfectly fluid. There were times in 1907 when it was not perfectly so, but it may be hoped that such times, after our country has come to a currency system which will more adequately protect the mercantile community, will have passed away never to return.

The second grade of assets is book accounts receivable not yet due. While not perfectly fluid, those accounts liquefy themselves automatically. You do not have to do anything about them. When they fall due they are paid; you may have to send a statement and that is all. My experience is that they are 99-9/10 per cent. good, but so as to be on the safe side, I class them as being ninety-five per cent. good in the average statement.

Third in order is advances on collaterals, such as merchandise, pledges of stocks, bonds, and other salable commodities. Such assets are not fluid, that is, do not automatically liquefy themselves; there is greater or less effort involved in liquidating them because they have to be sold, but there is no expense of selling attached to the operation—that is to say, the lender is protected by a margin from loss arising from depreciation or from expense of sale. They are not so certain of prompt payment as accounts receivable, but taking them as they appear in the ordinary mercantile balance sheet, I can safely class them as being eighty per cent. good.

The fourth and next lower grade of assets is merchandise. Merchandise is liquified not only with effort, but with considerable liability of depreciation and expense of sale, which has to be deducted from the proceeds. I should

therefore value merchandise as being sixty per cent. good on the average.

Lastly and fifthly we come to fixed assets, such as real estate, machinery, stocks, bonds, etc., and I include in this class notes taken for merchandise. The reason I classify such notes as being a fixed asset is because they are generally the obligations of weak concerns where a guarantee is desired, or taken in settlement of overdue accounts.

Over-due accounts are of course the poorest class of all the accounts receivable. The bank that buys the notes that represent them, thinking it has something pretty good, gets really not the cream but the skim milk of the book account, because they represent generally over-due items which the merchant is obliged to carry, in the hope of having them liquidated from the profits of the following season. They are really in most cases the obligation of the endorser, and nothing more. Fixed assets are slow of liquidation, with great effort and with great expense. Therefore, in this classification I value the average fixed asset as worth thirty per cent. of what it is ordinarily carried at on the books.

I would have it understood that these estimates are conservative, based on an experience covering a number of occasions in which the assets of failing concerns have had to be liquidated. I am trying to look at the matter, as any person should who makes an investment, in its worst aspect.

To recapitulate—we have:

Mercantile assets graded in the or-

der of their value as security for commercial paper.

Fluid Assets	{	1 Cash.
		2 Accounts receivable.
Assets for Liquidation	{	3 Advances on collateral.
		4 Merchandise.
Fixed Assets	{	5 Real estate, machinery, notes taken for overdue accounts, investments.

These considerations bring us down to the rules.

Rule 1. In buying commercial paper prefer the businesses where there is normally a large proportion of fluid or automatically liquidating assets, and a small proportion of assets that are liquidated with effort, or with expense, or both.

I have made an analysis of the obligations of several kinds of commercial businesses. Generally speaking, in the dry goods trade there are four well defined classes of commercial paper: First, that made by manufacturing establishments; second, notes made by retailers; third, jobbers' notes; and finally the business paper of the commission houses.

In an analysis of the assets of twenty manufacturing concerns, of fifty-three retail department stores, of seventy-three jobbers, and eight commission houses, I find the average percentages of each of the grades of assets to the total assets to be those expressed in the following table:

Percentage to total assets of the various grades of investments of which the same is composed, in the statements of firms and corporations engaged in manufacturing, selling, distributing and retailing of dry goods.

	—MANUFACTURING—		—DISTRIBUTING—		
	Ten Southern Mills.	Ten New England Mills.	Fifty-three Retail Dept. Stores.	Seventy-three Jobbers.	Eight Commission Houses.
1 Cash	9%	28%	{ 4%	6%	10%
2 Debts Receivable					
3 Advances on Collateral .....	..	..	17...21	43...49	63...73
4 Merchandise	26	32	46	40	17
5 Fixed Assets	65	40	33	11	10
Total	100%	100%	100%	100%	100%
Debts	92	32	30	44	33
Surplus	78	68	70	56	67

Taking first the manufacturing concerns, I have here the averages of ten southern cotton mills and ten northern cotton mills. Of the grades of assets as I have stated the above I find, for instance, that in the first two or fluid grades, cash and debts receivable, the southern mills show nine per cent. of their total assets; in the fourth grade, merchandise, twenty-six per cent.; and in the fifth grade, fixed assets, sixty-five per cent. The ten northern mills show in the fluid grades, cash and debts receivable, twenty-eight per cent., as against the nine per cent. of the southern mills; in merchandise they show thirty-two per cent., as against the twenty-six per cent. of the southern mills; while the fixed assets are forty per cent. of their total assets, as against sixty-five per cent. of the southern mills.

The retail statements show by average fluid assets greater than the southern and less than the northern mills a relatively large amount of the liquidable asset, merchandise, and a relatively small amount of fixed assets as compared with a manufacturing concern.

In the seventy-three jobbing house statements analyzed I find six per cent. of cash and forty-three per cent. of book accounts. These two fluid classes make forty-nine per cent. of their total assets, as against twenty-eight and nine per cent. respectively of the manufacturing concerns, but they show fixed assets of only eleven per cent., as against a much larger proportion with manufacturers.

COMMISSION HOUSE PAPER.

Coming to commission house paper, there is a larger per cent. of cash than there is in any of the other classes, ten per cent. by average. Of book accounts receivable there is sixty-five per cent., as against forty-three per cent. in the next highest class. Of the commission house paper I analyzed, there is seventy-three per cent. in the first two fluid classes, as against forty-nine per cent. with the jobbers; twenty-one per cent. with retailers; twenty-eight per cent.

with New England manufacturers and nine per cent. with southern manufacturers. In commission house assets appears for the first time the third grade, advances on collaterals, seventeen per cent., and no merchandise.

Fixed assets amount to ten per cent., pretty near the same as that of the jobber, but less than with the other branches of the trade.

From these analysis you can get a pretty clear idea of the application of the rule that I have just given which, to repeat, is: in buying commercial paper prefer the businesses where there is a large proportion of fluid or automatically liquidating assets and a small proportion that are liquidated with effort or expense.

Passing on to another criterion by which commercial paper may be judged, let us look into the cost of liquifying assets in the various kinds of businesses. Take the banking business as being a higher grade than anything that I have yet mentioned, and one whose assets I do not propose to analyze, because I don't know much about them—I find, however, that the ratio of profits to the turnover—that is to say, to the total business—is small, say from one to two and one-half per cent. I am speaking of houses that do a general financial business; and not of banks themselves as such, because they do not make paper for sale on the market. Out of a profit of from one to two and one-half per cent. gross on their turnover they net about one-half per cent., at an expense of liquidation therefore of only one-half to two per cent.

VALUABLE ENDORSEMENTS.

Of commission houses, there are four classes, a fact not generally known to investors in their paper. One class is the selling agent with responsibility, whose partners are worth money, but which has no capital actually invested in its business. They do not make advances on merchandise nor cash sales, and they neither guarantee nor own the accounts receivable; the corporations for whom they sell own them. They

do not borrow any money on their own paper, because as they neither cash sales nor make advances they do not need it, but they do as a rule endorse the paper of the mill for whom they sell.

That endorsement is always worth something. It is worth a great deal in the case of the big four of Boston and New York, great concerns that are specialists in that kind of business, because the partners are worth all the way from one to several millions, and in so far as their assets are not invested in the stocks of the mills for whom they sell, they are a valid guarantee against trouble with the responsibility of the mills who are the makers of the note. Their endorsement is really of most value as a moral proposition evidencing the faith that they have in the maker in whose confidence they are.

In Massachusetts the custom prevails of making two-name commercial paper in order to make it a valid investment for their savings banks, which buy very largely of this form of note. These houses get a small commission on their sales, say from three to four per cent., but their expenses are two to two and one-half per cent., and they net about one to one and one-half per cent. on their total sales.

Next come the finance houses or mercantile bankers. They have no selling organization; they simply advance money on merchandise and cash sales made by their departments with whom they divide commissions. They therefore own their accounts receivable and their mills owe them for advances. These finance houses get from three to three and one-half per cent. gross; their expenses are about two per cent., and they net about one and one-half per cent. on their output.

GUARANTEED SALES.

Next in order are the del credere commission houses. They own their accounts receivable; they guarantee their sales, and they make advances on merchandise. They make a larger profit, averaging five per cent. gross and one and one-half to two per cent. net on

their turnover. The paper of those concerns is valuable in proportion to the efficiency of their selling organizations and to the care with which their advances on merchandise are made. There is a greater temptation to merchants of this class to overadvance on merchandise than with the mercantile bankers, and their loans on collaterals are probably less valuable. The consequence is that ability and character are great factors in judging this class of commission houses, and as indicated, the expense of doing this class of business is from three to three and one-half per cent.

Finally there is a group of commission houses who own the mills they sell from or are owned by the mills that they sell for. They make a larger gross profit, probably six per cent., and net from two to two and one-half per cent. They practically own the goods they sell; and their expenses are not far from three and one-half or four per cent.

JOBBERS AND OTHERS.

Next we come to the jobbers. Their paper must first be thought of in its sectional relations, some sections of the country being better jobbing markets than others, and less subject to the influence of the department stores, which are eating into the jobbing business in certain parts of the country, as they buy direct and do not pay toll to the jobber. The gross profit of a jobbing house, depending upon its location, is from ten to twenty per cent. gross and three to four per cent. net. Therefore all the way from seven to sixteen per cent. of their profit is absorbed by expenses.

The gross profits of the retail department stores will be about thirty per cent., netting five to ten per cent., with an expense account of twenty to twenty-five per cent. on their sales.

Finally come the manufacturers, who have to invest from forty to forty-five per cent., in order to convert their assets and make a net profit on their output of five to ten per cent., the expense account being thirty-five to forty per cent. on their output.

AN IMPORTANT RULE.

This brings me to Rule 2, which has to do with the convertibility of assets and the cost of liquidating them in case of trouble. Any man who invests money has got to consider the possibilities of liquidation. Those who lend on bond and mortgage always look to the price the property would sell at in case of foreclosure. Rule 2 is that in estimating the convertibility of a promissory note from the standpoint of a possible failure to pay, the obligation of that business is the best in which the necessary cost of marketing its raw material is the least.

Of course people's opinion about grades of paper are generally expressed in the rate, and ordinarily if you get a high rate, you get a correspondingly high risk. When we consider that the commercial note is paid in the last analysis by the final liquidation of the assets on which it is based and to carry which it is made, we shall see that that class of paper is the safest investment where little or none of the assets have to be invested in buildings, machinery, real estate, or other fixed assets; where the least proportion has to be invested in merchandise and the largest in accounts receivable; where there is no large proportion of notes receivable almost always evidencing overdue and carried accounts; where it costs least to turn merchandise into cash—that is, where the percentage of selling expense is smallest—and where it can depend upon quick markets to fend off trouble or in case of trouble to liquidate.

THE CHARACTER ELEMENT.

The considerations which I have thus far presented involve only the estimation of a concern's assets, its invested capital; and this, as you know, is only one of the three basic elements of credit, which I may broadly state as capital, character and ability. Character is as important an element as any, because the man of character makes his credit liquid through the large number of buyers for his note. If the worst

comes to the worst, he can always get somebody to loan him money. Ability makes assets liquid, because it creates an efficient organization to turn a well considered investment into cash.

Therefore we come to Rule 3, which is, do not forget that the character and ability of the man behind any given financial condition are as important as the financial statement itself. The statement is no better than the man behind it.

I realize that bankers are at a considerable disadvantage in estimating these elements in others than their own customers, as I am discussing only bought commercial paper and not that which is discounted in the ordinary course of business with one's dealers. For this reason it is desirable that a country banker be connected with a well posted paper-buying city bank in a large center, where information is well diffused. And the city banker should be also in close touch with well-posted and fair-minded mercantile houses in the branch of trade whose paper is under consideration.

It is dangerous to rely too much upon two things often held up as very important: The first is the certificate of a public accountant. The valuation of assets is a very little part of the equipment of a public accountant, and to substitute his appraisal for the judgment of experts is, of course, foolish. But public accounting has its moral value. Crooked concerns do not care to submit their books to straight accountants. The trouble is there are some crooked accountants, and some incompetent ones. The examination of a public accountant is often of assistance to the merchant himself in enabling him to classify his own assets, and in the course of time a deterrent of injudicious investment which he would be ashamed to disclose.

Secondly, agency reports. There is always danger of too much reliance on agency reports, yet they are of great value if not too implicitly followed. In other words, their statement should be checked off by personal information gained either directly or through the agency of the banker's correspondent.

With such precautions, the purchase of commercial paper is one of the most satisfactory of banking investments, for the reason that it is based on liquid assets instead of fixed assets, as in the case of collateral loans. A loan on collateral, in the last analysis, is based on fixed assets that do not liquefy themselves automatically, nor without effort. A collateral loan on stocks is a loan on an equity in fixed assets that are already pledged. In a panic the value of the security behind the loan may disappear overnight; and the capacity of the borrower to pay be seriously impaired.

A collateral loan on bonds is really a loan on real estate, and it is only saved from being exactly the same by the convertibility of the bonds, varying with the degree of the readiness with which they can be sold upon the stock market. In a panic such a loan often becomes a very fixed asset indeed, and it is then not the privilege of the lender but of the borrower to say whether it shall, or need not be renewed.

Commercial paper liquidates itself. It is paid and not renewed because it is based upon accounts receivable which liquidate themselves.

Mr. Henry Parish, president of the New York Life Insurance and Trust Company, which is possibly the most conservative of our New York trust companies, told me that he makes it a rule to carry about one-third of his assets in commercial paper and that it has saved him from trouble in every panic that he has been through. All he had to do was to stop buying commercial paper, and he had plenty of cash to meet the withdrawals of his depositors. Such, too, I think, is the experience of most bankers. In a bank's assets, when a panic is on, its commercial paper is sometimes better than some of its banking credit, because the merchant's honor is behind the paper. There is the most stringent necessity of its being paid. The merchant who does not pay his note fails, his credit is gone, his reputation is shattered, the opportunity for earning a livelihood is taken away, and he is in a far worse position than the

bank that declines to pay the drafts upon it, because it has become customary to allow banks to fail and yet continue in business, under which circumstances a merchant has got to liquidate and get out of business.

STABILITY OF COMMERCIAL PAPER.

Well selected commercial paper is not likely to change over night. It can be locked up and not thought of again until the time comes around for payment; but nevertheless, it must not be gone into recklessly; it must be bought with due consideration. Under our American system, there is no one who stands in the place of bill broker as a guarantor of the paper, but nevertheless the character of the brokerage firm that offers the note stands for much in the transaction. First class borrowers are exceedingly particular about the standing of the broker who handles their paper, and their relations with him become very intimate. They confine their business to a single representative, believing justly that to have their note in the hands of several is generally an indication of financial weakness. The selection of the note, the estimation of its maker, his responsibility, his character and his ability, is therefore a matter of great moment to all bankers who realize the importance of keeping their assets in liquid condition. It should be undertaken carefully, thoroughly, and conscientiously, and when so managed the resulting investment is a certain source of strength in time of trouble.

LOCAL REPRESENTATIVES WANTED

THE BANKERS MAGAZINE wishes to secure a local representative in each of the large cities of the country to secure subscriptions and to act as a general representative.

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For particulars, address Bankers Publishing Co., 253 Broadway, New York.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

MORTGAGE LOANS AND REALTY VALUES

By W. H. Kniffin, Jr.

(Continued from page 24 July issue BANKERS MAGAZINE)

THE first step in the making of a mortgage loan is to secure an application from the borrower giving full details concerning the property proposed to be mortgaged to the bank. These details may be voluminous or barely enough to designate the property. All banks have forms for such purposes and generally require the application to be on their own form for the purpose of uniformity.

The points generally covered in the application are: The amount required, the street and number, often the distance from the nearest corner, size of lot, size of buildings, character of the latter, and the rental value, for purposes of capitalizing the rents in order to appraise the property upon this basis. Sometimes the number of rooms, improvements, assessed valuation and other details are called for, but *always* the owner's valuation of the property, usually separating the buildings from the ground.

In the matter of farm loans more minute details are required, as will be seen from the following questions found in the application for a farm loan in use by a savings bank in Central New York: How many acres does the farm contain? How many acres are improved? How many acres are unimproved or timber land, and what kind of timber is on? How many acres of waste land? Describe the buildings generally (giving sizes and number of rooms, if possible). Describe the fences and state in what condition of repair. Do you occupy the premises? If you are not the occupant of the property, who is, and by what right does he occupy it and what is the rent? Have all the taxes been paid, and if not, how long have they remained unpaid? Has your title ever

been questioned? If so, what was the nature of the defect? What was the last assessed valuation? How much insurance do you carry and in what company? Are you married and if so give the name of your wife. Are there any incumbrances on the property and if so how much and of what character? What improvements have you made and what do you intend to make? What do you consider a fair value of the property per acre? What do you consider the value of the buildings? What figure would you sell at?

In many cases the application blank has provision for a diagram of the location of the property, which often makes the finding of the premises easier. In all cases the banks require the application to be signed by the borrower and in cases where the borrower is not the bondsman, the signature of the latter is required, and in some cases a written guarantee that he is the person in question. It is important that the one who *presumes* to be the owner is the owner, for frauds have been worked upon savings banks and title companies by persons assuming to be the owners of property offered as security, when in reality they were impostors.

Care should at all times be taken to identify the borrower as the person having title to the premises. In large cities much borrowing is done through brokers, and the principal does not appear on the scene until the money is to be handed over. In such cases it is well to know who the broker is and that he is authorized to negotiate a loan on the property.

Frequently applications are made to savings banks for loans simply to get the bank's valuation of the premises; and while as a rule no charge is made for the appraisal, a number of banks

APPLICATION FOR LOAN ON BOND AND MORTGAGE.

The Undersigned desires to procure from the ALBANY EXCHANGE SAVINGS BANK a loan of \$ 3,000 , payable in U. S. gold coin in five years, with interest payable semi-annually on the first day of March and the first day of September, at the said Bank, at the rate of five per cent per annum, on the BOND of Johnathan J. Edwards secured by

Mortgage on the Following Described Property:

Location (Number and Street) 56 Quail Street

Between what cross streets, and distance from nearest one, State Street 100 feet east

Dimensions of ground, 50 x 100

Dimensions of building, and number of stories high, 50 x 80, three story and basement.

Building Materials, Brick

Purposes of use, Private dwelling

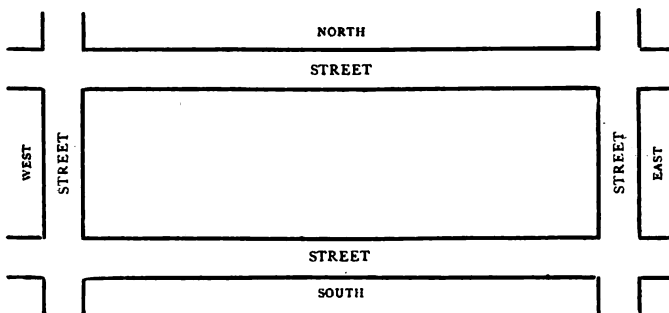
Value of ground, \$ 3,000

Value of building, \$ 3,000

Value of both as assessed for taxation, \$ 4,500

Annual Rent, \$ 420

Insurance for \$ 2,800



Remarks: Loan of \$3,000 no held by John B. Bridgeman, due September 1st, 1911

In case this application is considered by the ALBANY EXCHANGE SAVINGS BANK, the undersigned hereby agrees, in compliance with section 120 of the Banking Law of the State of New York, to pay to it, or its attorney, "all the expenses of Searches, Examinations and Certificates of Title or Appraisal of Value, and of Drawing, Perfecting and Recording the Papers."

Signature, Johnathan J. Edwards.
Address, 56 Quail St.
Albany, N.Y.

To the Trustees of the Monroe County Savings Bank.

Gentlemen.

I wish to obtain a Loan of your Bank, on the sum of
 -----Two thousand-----Dollars,
 on my farm, on the Village of Rochester Falls-----County of
 Monroe-----and State of New York, which was conveyed to me by deed dated
 January 5th, 1903-----and recorded in-----Monroe-----County
 Clerk's Office, in the Liber 346 of Deeds, at page 23. Said farm consists of
 -----104-----acres, is occupied by myself
 and is situated on the road (more briefly state location): from Rochester City to
 Rochester Falls, one mile from the latter. Land is of good
 quality, crops varied and abundant, well watered and all under
 cultivation except wood lot of ten acres. Buildings consist
 of house of ten rooms, stone, slate roof, barn 40 x 75 in good
 repair, outbuildings for all farm purposes and all in good con-
 dition. Loan is desired for the purpose of building new barn
 and buying 50 acres adjoining, and not to be covered by this
 mortgage.

Applicant.

APPRAISAL.

We, the Subscribers, *freholders*, residing in Rochester Falls
 County of Monroe-----do certify that we are well acquainted with the
 above described property, and that, in our judgment the same is worth in cash at least
 Seven thousand five hundred-----Dollars, exclusive of
 the buildings thereon; and the said buildings are estimated to be worth at least
 Three thousand-----Dollars.
 Dated at Rochester Falls this Tenth day of August, 1911.

D. A. Farnin
A. J. Keisson } *Witness.*

RULES AND DIRECTIONS.

State the situation of the farm, the number of acres, how much under improvement or cultivation, and how much woodland;
 also, what buildings are on the property, their condition and value, and whether they are insured, and to what amount. Set at least
 two well-sown freholders to estimate the property and to make an appraisal of its value (Land and Buildings separate).

All Loans made by the Monroe County Savings Bank will be made for one year; and if the Loan shall be continued for a
 greater length of time, the interest must be paid *monthly* on the first day of January and July in each year.

All improvements must be removed from property, on which Loans are to be made, before the money will be paid.
 No loans will be made on lands on which judgments are existing upon any portion of the same name as the appli-
 cant, unless it is shown that he is not the same person by good satisfactory to the Bank Attorney.

A loan cannot exceed to more than one-half the value of the land mortgaged, including the buildings thereon.
 In all cases where loans are made, the buildings must be insured, and the Policy of Insurance be assigned to this Bank as collateral
 security.

NOTICE TO APPLICANTS.

The laws of the State require all the copying of records, examinations and certificates of title, and of depositing, purchasing
 and recording papers, to be paid by the borrower. When a loan is granted, the applicant should furnish, without delay, the deed and
 other evidence of title, to the Attorney of the Bank, who will examine and certify the same, and prepare the papers necessary for con-
 summating the Loan. No loans granted otherwise, a deposit of 100 should be made with the application for recording fees. All ap-
 plicants must answer questions on back of this blank. As no agents are employed by the Bank, all applications should be made directly
 to the Bank or its officers.

David Hoyle, Secretary

APPLICATION FOR LOAN.

I, the undersigned, P. J. Farmer
 (Write exact name to whom this is applied)
Red River Post Office, St. Paul County, Minn.
 hereby apply to you to procure for a loan of \$ 2000 for a term of 5 years, at 6 per cent
 semi-annual interest to be secured by FIRST MORTGAGE on 110 acres of land in Red River
 Township, _____ County, Minnesota, described as follows, to-wit:
Grain and wheat farm
 and I hereby appoint B. B. Smith
 as my agent to negotiate said loan, to whom the papers and money may be sent at my risk.
 For what purpose is money wanted? To improve buildings
 How many acres are under cultivation? 80 How many acres artificial grove? 20
 Of the land not cultivated, how many acres can be? 15
 How many acres pasture land? 10 How many acres waste land? 5 Timber? 5
 What is the general character of the land and soil? Clay
 How many acres are fenced? 40 If not fenced, why not? 4
 What buildings on land? (Give size, material, description.) House 30 x 60 Barn 25 x 80
2 out buildings
 What other improvements, such as orchards, groves, etc.? Apple orchard in bearing
 Are the buildings insured? Yes For what amount and what company? 3500 Farmer's
 Will you assign policy for benefit of lender?
 What is the value of the land without buildings? 3000
 What is the value of the buildings? \$ 3500 Total, \$ 6500
 Are there any mechanic's or lumberman's liens filed on the buildings, or have any person or persons done work on, or furnished material within ninety days past, whereby they would be entitled to file a lien? No
 Who is in possession of property? owner
 How many horses, cattle and hogs has the applicant, and has he a full set of farming implements? yes
25 Horses? 7 Cattle? 20 Hogs?
 What encumbrances on this property? none
 By whom are they held?
 Name of and distance to nearest railroad station? 2 miles
 Do you own any other land? No
 What encumbrances are on it?
 Give wife's name, if applicant is married, Susan
 What is applicant's age? 40 In whose name does title stand? wife
 I will furnish a complete abstract of title to this property, from the government to the present time; and I am in peaceful possession of said premises, the title to said land has never up my knowledge been questioned or disputed. I agree to pay for recording the Mortgage to secure the loan and pay cost of completing the abstract of title showing the loan mortgage to be first lien. There are neither unrecorded deeds or mortgages for or upon said premises, nor are there any unpaid taxes, unsatisfied judgments in the State or Federal Courts of Minnesota, nor suits pending in any Court except as shown on the abstract furnished with this application. Nor am I either principal or surety upon any bond. I will remove all liens now on said land, and have any necessary corrections in title made before the loan is completed. I have answered the above questions and made the statements for the purpose of procuring said loan, and for no other purpose whatever, and swear that they are true in every particular. If I should refuse to sign papers or accept loan when placed, I hereby agree to pay said agent \$ 1.00 for his services.
 Full name Peter J. Farmer
 Post Office Red River
 STATE OF MINNESOTA, St. Paul County, Minn.
 Subscribed and sworn to before me this 19 day of July 1910
[Signature] Notary Public.

are now requiring a modest appraisal fee when the application is made. In some instances no fee is charged unless the loan is made, while in others, no appraisal will be made unless the fee is paid.

It would seem but just that if a committee of trustees make a personal inspection of the property, as is generally required by law, they should be paid for their time. Some banks have a salaried appraiser and make no charges, preferring to have an expert's opinion and pay for it than to depend upon the judgment of a committee of trustees. This is particularly true in the large city banks.

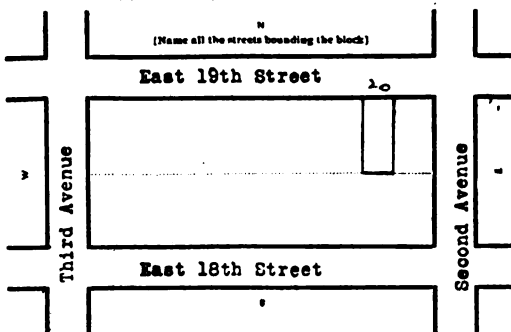
Some applications may be found having provision for the certification of the value of the property by two or more disinterested persons. This is often embarrassing to the borrower and is rarely worth considering, for it is frequently done as a favor and is not a safe guide as to values and should be eliminated. The loan is to be made by the bank, and the only persons interested are the bank and the borrower, and no unnecessary outside parties should be brought into the matter. In all cases the borrower pays all the expenses, but in some applications, as in the one of the Albany Exchange Savings Bank, shown herewith, this is

Nov. 1898-1912

New York, September 1st, 1911

To the UNION DIME SAVINGS BANK:

The undersigned desires a loan of \$5,000 at 5 per cent. per annum, for 3 years from the 1st of next November on the Bond of John Goodman and subject to your regulations printed on this application, secured by first mortgage of property described as follows, and provided the title is approved by the attorney of the Bank.



No. 20 East 19th Street

On the northern side, 80 feet from the N. E. corner of Second Ave.

Dimensions of Ground:

25 feet by 100 feet.

Dimensions of Buildings:

25 feet by 80 feet.

Material of building, Brown Stone and Brick Number of stories, 3

Used for, Dwelling Annual Rent, \$1,000 Insured for \$6,000

Valuation of ground, - \$ 4,000

Valuation of buildings, - \$ 6,000

Total, as valued by applicant, \$ 10,000

Remarks: Recently overhauled and put in first class condition throughout; new plumbing and newly decorated.

[Name and address of applicant]

Broker.

[See Regulations on the back]

Attorney's Title No. 1,089

APPLICATION
FOR LOAN ON BOND AND MORTGAGE

\$5,000
ON
20 East 18th Street
NY
John Goodman

Presented to the Board of Trustees, on
September 5th Referred
to a Committee, consisting of Messrs.
Smith, Jones and Brown

Your committee respectfully report that
they have carefully examined the property
mentioned in the within application, and cer-
tify that, according to their best judgment, its
value is \$8,000

[Ground \$4,000 Buildings \$5,000]
and they recommend a loan of
\$5,000 at 5 per cent.

Smith
Brown
John Goodman

On motion, the application was
granted for \$5,000 at 5 per cent.

A. T. Smith
Dated, September 5th 1911
Referred to the Attorney of the Bank
for examination of title.

Voucher No. 34,567 \$ 5,000

Union Dime Savings Bank
to John Goodman

DATED, September 28th 11

MORTGAGE No. 1,089

New York, September 28 1911
Settled from the Attorney of the UNION DIME SAVINGS BANK.
Five thousand hundred Dollars.
loan on Bond and Mortgage, in pursuance of the
within application.
Signature John Goodman
Address 20 East 18th Street
Notice of interest.

D. M. Mort. L.

Examined by Auditing Committee:
October 1st, 1911

Please read the Regulations,
to which your loan, if made,
will be subject.

UNION DIME SAVINGS BANK,
NEW YORK.

All Mortgages mature either May 1st or
November 1st.

Interest on all mortgages must be paid
partially on the 1st of May and the 1st of
November.

Receipted tax-bills for each year on mort-
gaged property must be exhibited on or be-
fore the first day of May following.

Insurance policies to cover our mortgage
must be taken out IN COMPANIES DESIG-
NATED BY THE UNION DIME SAV-
INGS BANK and written through its author-
ized agents and must expire either May 1st
or November 1st. Premiums must be
promptly paid. Renewals will be attended
to by the representatives of the Bank.

All letters should be addressed to the
Bank, as above, not to its officers.

Checks should be payable to the "Union
Dime Savings Bank."

In paying money to the Bank always
make and sign a written statement of the
amount and purpose. Give notice of any
change of address.

Business Hours, 10 to 3 daily.

FORM 5. REVERSE OF FORM 4. NOTE THE REGULATIONS AND RECEIPT OF BORROWER. UNION
DIME SAVINGS BANK, NEW YORK

agreed upon when the application is
signed.

THE APPRAISAL.

The next thing in order, after having
application properly filled out, is to
have the property appraised. Many
banks have appraisal forms (Forms 2,
5, 7), and these are turned over to the
proper persons, in some banks the
funding committee, and in others the
appraiser. Where the matter is in the
hands of a committee, these men meet
at intervals to look over the applica-
tions, and after discarding those which
they do not care to consider, turn their
attention to the likely offerings.

Some banks have a preference for
certain kinds of property and rigid
rules against loaning on others, as in
the application of the German Savings

Bank, herewith shown, no loans are
made on factories, iron works, brew-
eries, or suburban property. Those
that seem to be desirable are personally
inspected and the value placed thereon,
usually in writing, as in Forms 2, 5, 7.

The rate of interest, time the loan is
to run and other details are agreed
upon between the bank and the bor-
rower (or his agent) at the time ap-
plication is made, or when the loan is
accepted, and nothing further remains
to be done, insofar as the bank is con-
cerned, but to pay over the money.
The mortgage loans are quite univer-
sally reported to the board of trustees
and ratified, thus becoming part of the
records of the bank. Some banks re-
cord the date of this approval on
the application—a very good idea.
(Form 5.)

Application No. 3739

No charge is made to Applicants for loans, no commission or otherwise, is made or possible, directly or indirectly, by any Officer, Trustee, or person in the employment of the German Savings Bank, for procuring loans or for services in connection therewith, except that the Officer who examines, and the requisite papers prepared by Counsel appointed by the institution whose charges to the applicant for the loan are required, to be limited and reasonable.

Signature and satisfactory references of the proposed bondsmen will be required in every application.

New York, July 15 1901

The undersigned desires to procure a

Loan of \$20,000 at $4\frac{1}{2}$ per cent interest per annum, from

The German Savings Bank in the City of New York.

On mortgage, secured by the bond of A. P. See

on the property described as follows

Location, 82 E. 19 St.

Distance from the corner of the nearest cross street, 90 ft.

Dimensions of Ground, 25 x 100

Dimensions of Building, 25 x 80

Building Materials, Brick

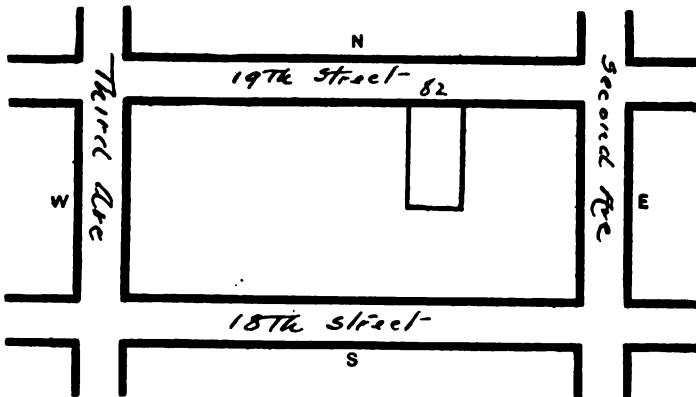
Purposes of use, Store and dwelling

Value of Ground, \$15,000

Value of Building, \$25,000

Annual Rent, \$5,000

Insured for \$30,000.



N. B.—The applicant will please specify the above particulars as far as practicable and in all cases sign the application.

Signature of Bondsman, A. P. See

Address of Bondsman, 82 E. 19 St.

Notify Bondsmen

Loans are not made on Factories, Iron Works, Breweries, or on Suburban Property. Applications for Loans on Dwelling-Houses, Stores, Offices, on central property well situated and productive will be considered.

Applicants should sign, and present their proposals, in person, when practicable, to secure attention.

THE SEARCH.

But inasmuch as it is essential that the borrower shall be in *position* to mortgage this property, and unless he is the true owner and has good title he cannot give a good mortgage, it is necessary to determine that the title is in the borrower and that the title is free from defects; for upon the rule that a man cannot convey by deed that which he does not own, and a mortgage being a conditional deed, the latter will be void if the title is defective.

Some banks require this to be stated in the application and others go so far as to ask for an affidavit to this effect; but inasmuch as no man would buy a defective title if he knew it, and most of the defects are unknown to the owner, his statement is usually in the negative, and counts for little.

And yet, there are cases where defects exist and are considered of little

To the Trustees of the Oneida County Savings Bank:

We, the undersigned, a committee charged by your Board with the duty of investigating the facts in the matter of the application of S. P. Finen for a loan of \$ 2500 from the Oneida County Savings Bank on a bond and mortgage upon the following described premises, to wit: Shawnee House No. 2 Frank St.

do hereby report that we have made such investigation and examination and find and we certify the value of said premises to be \$ 7000, according to our best judgment.

Dated Rome, N. Y. July 12, 1911

Wm. Canning
W. A. Loring

I approve of the above statement
W. Canning

FORM 7. REPORT OF APPRAISAL COMMITTEE

or no consequence by the owner, as is illustrated in the following example: In taking title to a piece of property in the suburbs of New York, a defect was found which was apparently cleared up by affidavits. The title was pronounced good by a title company and a policy of title insurance issued,

NAME <u>Samuel Simpson</u>		ADDRESS <u>92 Java St.</u>		NO <u>398</u>	
ASSUMED BY <u>Rebecca Simpson</u>		LOCATION <u>698 Manhattan Ave.</u>			
Taxes <u>10/10/11</u> Rate <u>54</u> When Due <u>January 1st, 1914</u> Recorded <u>September 1st, 1911</u> Bond <input checked="" type="checkbox"/> Mtr. <input checked="" type="checkbox"/> Title Policy <input checked="" type="checkbox"/> Application <input checked="" type="checkbox"/> Grant <input checked="" type="checkbox"/> Insurance Held \$ <u>3,500</u> Bond of <u>Samuel Simpson</u> For <u>\$7,000</u> Size of Lot <u>20 x 100</u> Building <u>20 x 80</u> Rents for <u>\$500</u> Section <u>3738</u> Block <u>334</u> Number <u>86</u> Remarks <u>Valuation \$7,000</u> Assessed <u>\$6,800</u> (1911)		Java St. Manhattan Ave. Franklin St. Kent St.		INTEREST DUE <u>Dec 1</u> OTHER CHARGES <u>none</u> INTEREST PAID <u>none</u> WHEN PAID <u>Dec 1</u>	
DATE	PRINCIPAL LOANED	PRINCIPAL PAID	BALANCE DUE		
<u>Dec 1</u>	<u>3500</u>				

Mortgage Ledger with provision for recording all necessary details regarding a mortgage loan. The space allowed for payments of interest is over twice the allotment for payments on account of principal. Note the provision for checking papers.

FORM 8. THE MORTGAGE LEDGER. CONTAINS FULL INFORMATION ABOUT A LOAN AND IN VERY GOOD ARRANGEMENT

STREET		
3456	245 West End Ave	
DATE	March 25, 1911	
WARD	19	
MORTGAGOR	Henry D. Wanderson	
OWNER	Ralph J. Somersack	
LOT NO.	HOUSE NO.	DOOR
232	245	West
NAME OF BUILDING	SIZE OF LOT	
5 Story Brownstone	25 x 100	
BETWEEN WHAT STREETS	Grant and Lincoln	
APPRISER	APPROVAL	
Brown, Charles Co.		
LAND	BUILDINGS	
\$5,000	\$9,000	

FORM 9. MORTGAGE RECORD CARD. ARRANGED BY STREETS

and also passed upon by a reliable firm of attorneys. An expensive house was built on the property and mortgaged to a savings bank, which accepted the title as certified to by the company. In replacing the loan with another savings bank subsequently, the same defect was found, and the latter bank's attorney would not pass the title upon the affidavits accepted by the title company and the other attorneys, and the loan was refused on account of bad title.

After considerable delay and expense the title was cleared of the defect and the loan closed; but had the owner been asked to state if there were any defects to his knowledge, it might have revealed the true state of affairs in the beginning. But in this case it turned

out advantageously, for it secured the owner a clear title, whereas he did not have a "marketable" title before.

All such matters are, of course, "up to" the attorney, to whom the application is referred after favorable action by the committee. It is his duty to examine the records and satisfy himself that the title is clear and is vested in the borrower. This he presents to the bank in the form of a "search," together with certificate of title. This work is often done in large cities by title companies, who not only certify to the title but guarantee the bank against any loss that may come through a defective one. In some banks the attorney simply turns the work over to the company, which allows him a commission, and he therefore assumes no risk, but at the same time, sacrifices the full fee for a commission. The amount of the fee depends upon the bank, the attorney and the borrower.

In some cases the charge is "all the traffic will bear," while in others it is extremely modest. The writer knows of one bank where for twenty years the highest fee was less than twenty dollars, and the usual fee was eleven dollars and fifty cents—ten dollars for the search and drawing papers and the

HUDSON CITY SAVINGS INSTITUTION, Hudson, N. Y.

No. 567	Mortgagee Henry Hudson	Rate 5	3
Address 1456 Main St.	Date of Mortgage Feb. 1 '09	Amount \$ 2,400	
Assumed by --			
Assumed by			
Description of Property	Two Story Frame Dwelling		
Mortgage Recorded 2/1/'09	at 3 P. M. in Book 34	Page 23	Sec 5 Block No. 17
Principal Payable Feb. 1, 1912	Interest Payable	June and Dec.	
Valuation: Land \$1,800	Buildings \$3,000	Total \$ 4,800	
Insurance Required \$ 2,400	Insurance Held \$ 3,500		
Mortgage Signed by Henry Hudson			
Mortgage Paid	Satisfaction		

LIBRARY BUREAU, 648918

FORM 10. MORTGAGE RECORD CARD, ARRANGED BY NAMES OF BORROWERS

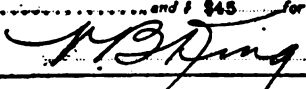
one dollar and fifty cents for recording. Where a mortgage tax is in operation as in New York (one-half of one per cent. when the mortgage is recorded), this is in addition to any fees to the attorney.

CLOSING THE LOAN.

When the mortgage loan is closed the papers that should be in possession of the bank are: (1) Mortgage. This must go to the proper office for record—in large cities the Hall of Records; in smaller places, the country clerk's office, and is usually the last paper to come in.

that it is fully protected by good companies. Others stipulate that policies must be written through designated brokers, and this for "obvious" reasons. The bank, in law, has a perfect right to stipulate the conditions of its insurance, but whatever regulations are to be made in this respect should be made *before* the loan is closed, for after the matter is closed, the right of the bank to make such conditions will be waived.

The case of *Heal vs. Richmond Co. Savings Bank* (New York Savings Bank Cases, p. 18) is in point. In this case, the bank made a loan and after

RECEIPT for PARTIAL PAYMENT on Mortgage No. <u>345</u>		SOUTHOLD, SUPP. CO. N. Y., September 1, 1901 Received from <u>Andrew J. Jackson</u>	
PRINCIPAL \$ <u>100</u> INTEREST from <u>Mar. 1 1901</u> to <u>45</u>		<u>One hundred</u> Dollars, as a Partial Payment on his <u>Bond held by the</u> <u>Southold Savings Bank, secured by Mortgage on property located at</u> <u>No. 48 Center Ave.</u> and \$ <u>45</u> for interest on this payment.	
Leaving balance of Principal unpaid \$ <u>1,400</u>		(Duplicate indorsed on bond)  J. B. King, Treasurer	

FORM 11. RECEIPT FOR PARTIAL PAYMENT. NOTE THE MEMORANDUM AS TO BALANCE UNPAID

(2) The bond, which is the obligation or promise to pay and upon which suit is brought in case of default. (3) The application duly signed both by the borrower and the appraiser or the committee charged with this duty. (4) Search, or title policy, with certificate of title from the attorney. (5) Insurance policies in amount sufficient to cover the loan, duly made payable to the bank. Some banks require all the insurance so that it may be uniform. The papers are then complete.

At this point a word as to insurance may be acceptable. Some banks have restrictions in the matter of insurance policies. (See Form 5.) Some stipulate that policies in *designated companies only* will be accepted, and this would seem a very good idea, if the list is reasonably large and is a "fair" one. The bank can then rest assured

closing the matter, wrote the mortgageor that inasmuch as the bank required all policies to be written by an agent having an office in the Borough of Richmond, he would have to secure new policies. To this the owner did not assent and the bank secured the additional insurance and charged the same to the mortgageor.

When payment of the principal was tendered, it was refused on the ground that the owner had refused to reimburse the bank for this insurance. He thereupon deposited the money in a trust company, subject to the order of the bank when it should deliver satisfaction of the mortgage. The bank brought suit and lost, upon the ground that having accepted the policies at first, and being in a good solvent company, it had waived its right to stipulate conditions regarding the insurance.

Therefore, if any restrictions are to be made in such matters, they should be made *before* the loan is closed and not afterward.

In closing the loan, the usual custom is to draw a check for the amount, sometimes to the order of the attorney, and in other instances to the borrower; but seldom if ever is the payment made in cash, since the check makes valuable evidence of the transaction. When the check is drawn the loan is charged up to the borrower and ledger account opened with him. This account may be simple or it may be complex, the better idea being to have it complete as to detail, yet not weighted down by surplusage.

The ledger should show all the details covered by the papers, and the usual data taken on the ledger is: Name of mortgagor, with provision for recording subsequent holders; address; location of the property, often with diagram, as in Forms 1, 4, 6, 8; rate of interest; place to which interest notices should be sent; amount of bond; amount of insurance; when due; when recorded; valuation; rents; provision for recording payment of taxes (Form 8), with provision for recording the payments of both principal and interest.*

Inasmuch as banks frequently are called upon to advance insurance and taxes, it is a very good idea to have provision made for such payments, and in Form 8 this idea will be found. Other details may be covered in the ledger form, as the bank may elect, but one feature is worthy of commendation, and that is also found in Form 8. It is very desirable to know that the papers are complete for each loan without the necessity of going through the files; and in this form will be found spaces for checking off the papers as they are turned in, and by running through the ledger and noting the unchecked items,

the missing papers can readily be ascertained.

If papers are removed from the files for any cause, a receipt should be taken and inserted in place of the paper taken, or notation made on the cover as to where it may be found. The mortgage has now become part of the assets of the bank and all that remains to be done is to see that interest is collected when due, insurance constantly in force and taxes paid when due.

JOHN H. THIRY

THE father of the school savings bank is dead; but the idea for which he stood and to which he gave himself in a degree quite remarkable and with a generosity quite commendable, lives after him. Throughout the United States to-day the school savings bank is more than a mere fad,—it is a practical demonstration that Mr. Thiry was right in saying that the teaching of thrift should begin with the young and is a proper function of the public school. Wherever it has been given a fair test, it has proven beyond peradventure that it can succeed and will do all that its founder claimed for it. School authorities in all parts of the country, statesmen, bank superintendents, bank men, and thrift workers have passed upon it and pronounced it good.

Mr. Thiry was a New Year's present to his parents in Belgium in 1822. In early life, he was a school teacher, and prior to coming to America in 1859 held a Government position. He set up a little book shop at Canal and Centre streets, New York, paying a rental of six dollars a month. Gathering books had always been his hobby, and he naturally fell into the line of collecting rare editions. For twelve years he sold old books and numbered among his patrons such men as Henry Ward Beecher and Horace Greeley. He supplied rare works for large libraries, and retired in the early seventies with a modest competence.

*A very helpful idea is to indicate somewhere on the ledger account the amount of interest the loan draws for one month, so that in figuring accrued interest at any time this will form the basis. (Form 8, last line of the details.)

Choosing Long Island City for his home, he divided his time between his gardens, his books, and his pet scheme, the school savings bank. He drew up a practical plan of operation which has proven exceedingly efficient, even going to the length of copyrighting his forms, not for any selfish purpose, but simply in order to keep track of the growth of the school idea.

He traveled extensively and wrote voluminously, and gave himself freely to the extension of his scheme, and school children by the thousands will rise up some day and call him blessed.

He was the only statistician of the school savings bank in this country and annually gathered extensive data and distributed it widely at his own expense.

TRUST COMPANIES

Conducted by Clay Herrick

TRUST COMPANIES AND THE RESERVE ASSOCIATION

AS the programmes of the various State bankers' associations are made public, it becomes apparent that nearly, if not quite all of them, devote attention to the proposed Reserve Association of America, and to the places to be occupied in such association by State banks, savings banks and trust companies. Whether the proposed association is a good thing or a bad one is not at the outset so important a question as whether the people, and especially the bankers and the legislators, are interested in the subject and give it enough study to understand it. The fact that it is being widely discussed is therefore a very hopeful sign. It shows that the people are interested, and guarantees that the final decision, whatever it may be, will be made after much study and debate, and will therefore presumably be such a decision as is dictated by wisdom and common sense. While the opinions thus far brought to light are far from unanimous, especially as to details, it is evident that bankers, whether representing national or State institutions, are awake to the desirability of some legislation on the subject, and are inclined to discuss the subject along broad lines, bearing in mind the needs of the people as a whole and of all kinds of banking institutions.

As to the relations of trust companies to the Reserve Association, opposition developed soon after the plan was made public, to the proposition to "nationalize" all trust companies, and the opinion seems already to be quite general that trust companies must be admitted to the association without in any way interfering with their State charters. In other words, they are to be admitted, as are the State banks and mutual savings banks, on terms of equality with the national banks, subject, of course, to such general requirements as may be agreed upon.

A special committee, consisting of Messrs. Festus J. Wade, John Perrin, Sol. Wexler, Myron T. Herrick and Joseph T. Talbert, appointed by the Currency Commission of the American Bankers' Association to consider the practicability of that part of the original Aldrich plan which suggested the formation of national savings banks and trust companies, prepared a report prior to the recent meeting at Nashville of the Executive Committee. This report was discussed by a committee appointed by the Executive Committee of the Trust Company Section of the association, consisting of Messrs. Oliver C. Fuller, Lawrence L. Gillespie, F. H. Fries, R. H. Cutler and F. H. Goff. As a result of this discussion and later

conferences, some changes were made and the report was put in the shape in which it will be presented to the coming convention of the American Bankers' Association at New Orleans. The report definitely sets aside the idea of national incorporation of the State institutions, and as to trust companies recommends—

"That a trust company, which is incorporated under the laws of any State, in accordance with the requirements of which it has been examined and has published statements of its condition, or in the absence of such requirements of State laws, upon approval of the Executive Committee of the National Reserve Association, may subscribe to the capital stock of the National Reserve Association in the same manner and under the same conditions as prescribed for national banks, and such subscribing trust company shall become a member of a local association and have the same rights and privileges therein as if it were a national bank; provided:

"1. That a trust company shall have an unimpaired surplus of not less than twenty per cent. of its capital, and, if located in a city of 25,000 inhabitants or less, shall have a paid in capital of not less than \$100,000, and in a larger city a proportionately greater capital up to \$500,000 in a city of 500,000 inhabitants or more.

"2. That it shall have and agree to maintain against its demand deposits a reserve of like character and proportion required of a national bank in the same location; provided, however, that deposits which it may have with a State bank, a savings bank or a trust company, in a city designated in the national bank act as a reserve city or a central reserve city, whose paid in capital is not less than the minimum amount required for a national bank in such city, and, in the case of a trust company not less than that heretofore specified for a trust company in such city, and which is a member of a local association, shall count as reserve in like manner and to the same extent as similar deposits of a national bank with

national banks in such cities. Provided, further, that liabilities for deposits payable beyond thirty days, for savings deposits subject to notice of sixty days or more, and for moneys held in trust which, under the conditions of the trust, are not made payable within thirty days, shall not be subject to the reserve requirements provided for demand deposits.

"3. That it shall agree to submit to such examinations and comply with such requirements as may from time to time be prescribed by the National Reserve Association."

This report seems to point the way for the admission of trust companies to the proposed association, if it is organized, on terms which will insure such companies bringing strength to the organization, without interfering with their status as State institutions and without imposing severe burdens upon them. The provision for examinations and for compliance with the rules of the association is certainly not objectionable, and will, of course, be imposed upon all members, whether national or State banks, savings banks or trust companies. The provision regarding reserves will, if adopted, certainly make for more conservative banking. It will probably meet with some opposition, although there is already a tendency to raise the State requirements as to reserve.

The provisions as to capital required compare more than favorably with the National Bank Act.

Perhaps the most important question left unsettled concerns the rights of rediscount which trust companies are to enjoy. Under the plan as thus far outlined, rediscounts are to be made for members on prime commercial paper. But in those States where trust companies do not do a commercial banking business, or in the cases of those companies which having the right to do such business do not choose to do so, trust companies have no commercial paper to rediscount. As this privilege is one of the important considerations of membership, the question is evidently one of much importance. It would

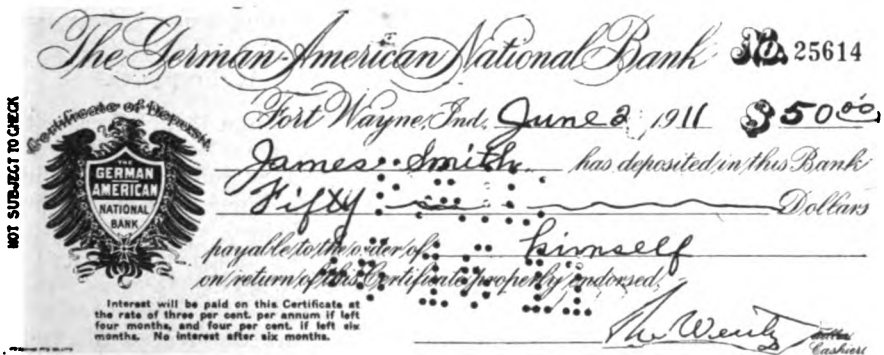
seem that it will be necessary to provide for the rediscount of notes secured by collateral and by real estate mortgage, if trust companies are to be given the full advantage of membership.

GROWTH OF TRUST BUSINESS

REPORTS from several of the larger cities indicate that many companies are making rapid growth in their trust departments, especially in

the administration of estates. The advantages which the corporate trustee has over the individual are being recognized by more people each year, and it will not be surprising if the next decade sees unprecedented growth in this kind of trust company business. There is, however, no means of measuring such growth, because in only two or three States do the trust companies publish figures for the trust department.

PRACTICAL BANKING



A FORM OF CERTIFICATE OF DEPOSIT USED SUCCESSFULLY BY THE GERMAN-AMERICAN NATIONAL BANK OF FORT WAYNE, IND. BY USING CARBONS, DUPLICATE SLIPS ARE MADE AND FILED ALPHABETICALLY. WHEN PAID THESE DUPLICATES ARE THEN STAMPED PAID AND FILED IN ANOTHER CASE IN THE SAME MANNER. BY THIS ARRANGEMENT THE BANK CAN EASILY ASCERTAIN THE NUMBER OF CERTIFICATES HELD BY ANY ONE PERSON AND AS READILY LOCATE CANCELED CERTIFICATES.

1911 BANKERS' CONVENTION CALENDAR

VERMONT—Aug. 16, Barton; Secretary, F. R. Dickerman, Bristol.
AMERICAN INSTITUTE OF BANKING—September 7 and 9, Rochester, N. Y.; Secretary, George E. Allen, N. Y.

ILLINOIS—October, Springfield; Secretary, R. L. Crampton, Chicago.
AMERICAN BANKERS' ASSOCIATION—Week of Nov. 20, New Orleans, La.; Secretary, Frank E. Farnsworth, New York City.

INVESTMENTS

Conducted by Franklin Escher

THE LONDON MARKET FOR AMERICAN SECURITIES

By Leonard A. Dessar

THE London security market is recognized as the greatest international market in the world. The business in "Americans" has become very large within the last ten years. The commanding position which the United States now holds financially and commercially has made trading in "Americans" a popular feature there.

Every partner of a London Stock Exchange firm must be a member of the Exchange. This assures the closest attention of the execution of orders.

DIFFERENCE IN TIME.

The London market affords four hours for the execution of orders before the opening of the New York Stock Exchange, thus; the London Stock Exchange opens at 11 a. m. and closes at 4 p. m., London time (6 a. m. to 11 a. m., New York time), then continues in "Shorter's Court" (The Curb) until 8 p. m., London time (3 p. m., New York time). Announcement of important news is frequently made after the close of the New York Stock Exchange. This may be taken advantage of in the London market early the following morning.

An account in American stocks may be opened or commitments in the New York market may be protected by orders given for execution in London, while the New York Stock Exchange is closed. Unless limited as to time, orders given before the New York opening are held subject to execution until 9.45 a. m., New York time. Orders given during the business session are open for the balance of the day, unless otherwise stated.

THE SETTLEMENT.

Settlements are made fortnightly instead of daily as in New York. Each

adjustment lasts three days, but does not interfere with the continuation of business. On the first day, so-called "Contango Day," all positions, long or short, are carried over for the next account, unless the broker is notified in proper time that the client desires to take up securities bought, or deliver those sold.

The actual delivery of securities takes place on the last day, so-called "Pay, or Account Day."

On the second day, called "Ticket Day," clearing-house tickets are exchanged.

ADJUSTMENTS.

On "Contango Day" all commitments carried over are adjusted to the market price then ruling, termed "making up price." These are fixed by the London Exchange. The interest rate (called "Contango") is agreed upon between brokers. Accounts are made up, and the client is required to remit in cash any differences that may be against him, or he may withdraw any credit balance.

On stocks bought and sold between settlements no interest is charged, but on stocks carried over, interest commences on "Account Day," and is charged for the full settlement on stocks long and allowed on stocks short. This does not prevent evening up of commitments at any time.

COMMISSIONS.

Commissions are charged at the rate of 6d. (12c.) per share or about \$12.50 per 100 shares; but no commission is charged for carrying over, or for the delivery or receiving of stocks.

A contract tax is charged on purchases and sales on the amount of money involved as follows:



ESTABLISHED 1857

For more than half a century this Bank has steadfastly adhered to its original policy of safe and conservative banking and on its books today may be found the accounts of banks which during their entire corporate existence have had no other Chicago correspondent.

Capital, Surplus and Undivided Profits

\$9,000,000

Accounts of Banks and Bankers Solicited on Favorable Terms.

CANADIAN INVESTMENTS

INVESTMENT TRUST COMPANY
LIMITED

MONTREAL CANADA

ACTS AS

Trustee Registrar
Transfer Agent Executor

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Canadian Government
Municipal and Corporation Bonds

To yield from 4 to 6 per cent.

The Mercantile Trust Company

New York

Established 1873

Capital

\$2,000,000



Earned Surplus and
Undivided Profits

\$7,500,000

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ISAAC MICHAELS, Trust Officer

Securities held in trust over \$870,000,000

Funding Company of America

40 Exchange Place, New York

Investment Department offers securities of a high-grade financial enterprise paying regular and attractive dividends, and growing rapidly—an exceptional opportunity; also railroad, public service and industrial bonds yielding from 4% to 6%. **WRITE FOR PARTICULARS.**

Underwriting Department solicits correspondence with public service and industrial corporations, desirous of procuring funds through first mortgage bond issues for improvement or extension purposes.

Fiscal Agency acts as registrar and transfer agent for securities of municipal, railroad and other corporations.

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Where the value of the stock or marketable security is £5 and does not exceed £100				6 d
Exceeds £	100 and does not exceed £	500	1 sh	
"	500	"	"	1,000 2 sh
"	1,000	"	"	1,500 3 sh
"	1,500	"	"	2,500 4 sh
"	2,500	"	"	5,000 6 sh
"	5,000	"	"	7,500 8 sh
"	7,500	"	"	10,000 10 sh
"	10,000	"	"	12,500 12 sh
"	12,500	"	"	15,000 14 sh
"	15,000	"	"	17,500 16 sh
"	17,500	"	"	20,000 18 sh
"	20,000	"	"	1 £

Generally no margin is required but, as stated before, on Contango Day stocks are adjusted to the market price and differences are settled. If in favor of the client the amount is placed to his credit and subject to his disposal, if against the client, he is required to remit. In an active market, with wide fluctuations, he is supposed to keep all commitments to the market price between settlements.

HOW TO FIGURE THE PARITY.

To those unfamiliar with the reason for the differences in prices between the two markets the following explanation may be of service. While London quotations for American securities are quoted at dollars per share these are based on the fixed value of five dollars for one pound sterling, whereas the actual value of the pound is governed by the fluctuating rate of exchange.

For an approximate example, take a London price, say eighty-five, divide it by five to reduce it to the amount in pounds sterling which will be seventeen pounds, multiply it by the current rate of exchange, say \$4.86. This will give 82.62 as the New York equivalent.

To change New York price into London parity, multiply New York price by five then divide by current rate of exchange.

Stocks dealt in London at pound sterling per share, multiply by the rate of exchange only.

The code system and cable service have been so perfected that orders from New York can usually be executed in London and report received within ten minutes.

OPTIONS AND THEIR USES.

One of the greatest advantages the London market affords is in purchasing privileges or options as they offer means for speculation, as well as protection and a limit to liability. They are issued under the rules and regulations of the London Stock Exchange and mature at stated settlements only.

But trading against privileges may be done in the interim either in London or New York.

The simplest forms of these options are the puts and calls. The cost is regulated according to the stock selected and the time of maturity.

The buyer of a call for a certain cash payment, called premium, has the right to call the stock on option day at the price fixed at the time of making the call. This price is always the market price plus interest. For example, take a stock selling at fifty at the time of purchasing the call, and the call is wanted for the settlement at the end of three months. The call price will be fifty and one-half (which is figuring the interest at four per cent. for the three months on fifty).

The purchaser of a put has the reverse privilege. By paying a certain premium in cash for the option he may put (deliver) the stock at maturing settlement, at the price fixed when the put was made which was the market price plus interest.

For example: Stock selling at par (100) plus three months' interest at three per cent. (three-quarter per cent.) gives a put price of 100¾.

A "straddle" is a combination of put and call, and the cost is double that of

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase.

The Stocks of the older Companies sell, in many cases, as high or higher than the best Railroad Stocks and are more closely held.

We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

SPECIAL CIRCULAR ON REQUEST.

A. H. BICKMORE & CO., Bankers

30 Pine Street, New York

a single option. It is issued at the market price plus interest for a stated settlement.

This form of option gives to the holder a broader opportunity for trading.

Dividends and rights go with the stock and are allowed on the call and deducted from the put price.

Dividends are subject to the English income tax, which is now fourteen pence (twenty-eight cents) on each one pound sterling (five dollars) dividend and is charged to the client long of the stock and credited to the one short.

FANCY OPTIONS.

A fancy put or call is a contract where the price is made away from the market and costs less in premium money. If, for instance, a regular call would be quoted three per cent. at market price plus interest, a fancy call could be bought for two per cent. pre-

mium and about two per cent. above the market, plus interest. A put about two per cent. under the market price would cost about two per cent. cash.

EXPIRATION OF OPTIONS.

Options expire the day preceding the first settlement day, called Option Day, and the broker will exercise the privilege if advantageous to the owner without previous instruction, unless notified to the contrary.

PRIVILEGES, OPTIONS, ETC.

The flexibility of privileges can readily be seen by the fact that they not only offer opportunity to enter speculation either as "bull" or "bear" and to protect a position in the market, but they can easily be converted from one side of the market to another, so a quick change of position may be accomplished. A call may be converted into a put by selling the stock or into a straddle by selling half the stock, etc.

THE DELUSION OF SUDDEN RICHES

ITS PHENOMENA AND ITS CURE

By Euphemia Holden, of P. W. Brooks & Co.

SOME one tells a story of three old farmers in Connecticut who put their savings into a flamboyant mining scheme. The venture was known only to themselves, so whenever they met

they would tap each other on the shoulder and whisper with a sly smile, "We are rich men but nobody knows it." This bond of fellowship gave immense satisfaction to the coterie—while it

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. C. SAUNDERS, Asst. Cashier

W. E. WARD, Asst. Cashier

E. E. CRESWELL, Asst. Cashier

Q Organized in 1884. More than twenty-five years of service back of us. May we be of use to you?

lasted. The loss of their mystery, their hopes and their savings came all too soon.

These are but three out of many who have enjoyed the delusion of "easy money" until it melted into its native nothingness and left them facing the fact that the riches "nobody knows" nobody ever does know.

We read of famous lotteries and immense frauds and class the peoples caught by them as ignorant and superstitious, yet to-day and among our own people these traps are constantly being laid. It needs only a change in the shape of the trap to catch a fresh flock.

Postmaster Hitchcock estimates that Americans have put more than \$100,000,000 into worthless securities within the last few years. Another authority claims that one billion dollars in the last seven years has been wasted in the same way. Doubtless this is only a small percentage of what has gone into legitimate enterprises, but that does not excuse the waste. Such a record is not only a challenge of the common sense of our people, but it means a large amount of suffering which could be avoided.

THREE CLASSES OF VICTIMS.

Investigation shows that the victims of this delusion are of three kinds, each presenting a curious phenomenon of the human mind.

First, there are the out and out gamblers, who take a chance on a share of stock as they would on the turn of a

wheel. They are not deceived by the statements of the "get-rich-quick" people, but they look either for deliberate manipulation of the market or a sudden flurry to give their shares a temporary value which they can take advantage of.

Second, there are those people who can, in a certain sense, afford to "take a flyer." Half persuaded that there is an opportunity to make money in a speculative venture, and blinding themselves to the improbability of it, they put in at least a portion of their surplus. Strangely enough, one loss—and they practically always lose—does not cure them of their delusion. The next proposition has a fresh appeal and they also figure that, should the second one fulfil its promises, they can redeem their former losses.

Third, but not least important, there are the "little people," those who, through ignorance, really believe the statements made by fake promoters and who, deserting the conservative habits of years, stake their hard-saved all—never to see it again.

With the first of these classes we are not immediately concerned. The gambling mania is a part of the "root of all evil," which seems to have a pretty strong foundation in the human make-up. For it few cures have been found, except through ultimate degradation and suffering.

The second class frequently includes those who have a well-deserved reputation for ability and success in a business or profession, but who seem to cast

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SPECIALISTS IN REAL ESTATE SECURITIES

Authoritative statistics on Realty Corporations and
their stock and bond offerings.

aside all balance and judgment when it comes to investing the money they have earned. Probably, there are few persons who have had any control of funds that have not been numbered among this class before they learn, through the things they suffer, that it is easier to walk in the straight and narrow way of conservative investment.

The third class are the real victims, as they seldom recover from their losses. During the recent raids made by the government on the self-styled banking houses, Burr Brothers and B. H. Scheftels & Co., it was found that a large part of their clientele were plain working-people, rendered penniless as the result of putting all they possessed into the securities promoted by these companies.

THE POWER OF THE DELUSION.

The astonishing phenomenon in this class is their sudden change from practising for years the most stringent economy and careful saving to taking risks that involve their entire future welfare. These same persons may previously even have been suspicious of the advice of individuals whose integrity they knew well, yet they will listen to a stranger who offers them something that is, without doubt, plausibly presented but which violates all their previous prejudices and should be judged and condemned by their common sense.

What is it that gives the delusion its seeming power? Can ignorance, greed, and imagination be so played upon as to paralyze reason?

Without question the promoters of the "get-rich-quick" schemes study minutely those qualities in human nature which can be appealed to. Moreover, this individual appeal is backed by the pressure of the world-wide de-

sire for wealth, a factor of influence seldom taken into account. All about him a man sees his fellows striving to accumulate money. He himself has spent years in toil, with perhaps only a pittance to show for it. His own ambition, the constant needs of those dependent on him, the pride of keeping up with his neighbors—all these forces combine to make him crave an opportunity to acquire "easy money."

In both their spoken and written prospectuses the promoters emphasize the great profits to be made within a few years without effort and for only a small actual investment. Also they declare that the value of the properties is so great as to preclude all possibility of loss. Usually attention is called to famous industrials like the Calumet & Hecla copper mines, the Bell Telephone and the Standard Oil Companies. The promoter's offering is said to be in the same condition as these were when taken up by the men who made fortunes in them.

THE ELEMENT OF IMAGINATION.

Beside the play upon both individual and general greed and avarice, another element not always considered has, probably, a good deal of influence.

This is the appeal to the imagination. Detective stories, melodrama, heroic poetry, the call of the wild and the lure of the sea have the same attraction. They present possibilities for active adventures, achievement, fortune and reputation quite beyond and removed from the individual's experience. By entering within the charmed circle, he becomes a participant in boundless possibilities.

Note any of the offerings of speculative properties in magazines or newspapers. There is about them always an atmosphere of great activity. Some-

Investors may keep in touch with New York Stock market conditions and receive suggestions for investment or speculation through our weekly "Market Letter on Stocks."

Swartwout & Appenzellar, Bankers

Members New York Stock Exchange

40-42-44 PINE STREET, NEW YORK CITY

Agricultural Nat. Bank Bldg.
Pittsfield, Mass.

First Nat. Bank Bldg.
Chicago, Ill.

thing is about to be done; great fortunes will be made; new sections developed; wonderful inventions put upon the market, and all who have not taken a part in this will be left in the cold outer darkness, wailing and gnashing their teeth.

To a man who has lived all his life in a little town where nothing ever happened but the "up" train in the morning and the "down" train at night, or to the person whom the currents of life in a great city have passed by—there is a distinct spur in such reading matter.

Again, to the man who has never had an original thought in his life, or at least who has never put one into form or action, the exposition of inventions "which will revolutionize industry" comes with direct force. If he can't do such things himself, he can participate—and he usually does with great cost to himself.

DESTROYING THE DELUSION.

The exposure of enterprises of a fraudulent nature is doing good, but that alone will not protect the people. They must be educated out of their ignorance, shamed out of their greed, and shown harmless fields in which to unloose their imaginations.

These tasks rest primarily upon the shoulders of four agents: the government, the banks, the high-grade investment houses and the magazines and newspapers.

THE GOVERNMENT.

The postal authorities have, wherever the cases come within their juris-

diction, been active in exposing "fakes," but their energies are limited to propositions in which the mails have been used for matter sent with intention to defraud. This prevents their interference with campaigns of personal selling even though the bad character of the company has been brought to their attention.

On the positive or educational side, the government has made an effort to follow at least in a good degree the example of France, which takes care of its people's savings to the extent of millions of dollars, by issuing securities in very small denominations. The difficulty in America is that we are spenders rather than savers. We have been so used to the easy acquisition and expenditure of money that a small surplus such as ten dollars to twenty dollars is a sum to be spent rather than saved. Yet the issues of government bonds which came in small denominations and were widely offered have been very popular. The issue of 1895 to increase the gold reserve, though handled through a financial syndicate, was widely advertised by members of it. The denominations both in coupon and registered form were as small as fifty dollars and \$100. In the war loan of 1898, the bonds were put out in as low denominations as twenty dollars, and were offered directly to the people, preference in allotment being given to individual subscribers of the lowest amount.

The new Panama Canal issue has been offered for popular subscription, the lowest denomination being \$100. This is the first issue to be put out without the circulation privilege, and will test the feeling of the people them-

Look for Security First

Then Look for Profits

Send for our Booklet

"A Little Light on a Big Subject"

It shows how to invest large and small sums where principal is secured by 6% First Mortgage Bonds. It shows how profits other than interest earnings are made. We have but a limited number of copies and they will be mailed postpaid.

Fifth Avenue Bond & Mortgage Co.

Bond Dept.

334 Fifth Avenue, New York City

selves, not the bankers and financiers, towards government securities.

The establishment of the Postal Savings Bank is a further effort on the part of the government to obtain and protect the people's savings. Everything handled by the government necessarily constitutes the "luxury of investment." But for those who have no facilities for learning finance for themselves, such a luxury is a safer indulgence than any uncertain placing of their funds.

THE BANKS.

The savings banks are primarily the protectors of the small savers. The people have confidence in them, and history proves that it is well-deserved. That the "savings bank habit" is a protection is shown by the fact that the "get-rich-quick" people have never made serious inroads upon savings bank depositors; savings bank officers state that the majority of depositors remain steady year after year. Individual cases of fraud come to their notice more especially after someone has taken his fling in a speculation, lost his money, and is seeking redress. Sometimes in advertisements, deliberate and almost libelous attempts have been made to secure savings bank depositors, but as the list is guarded most rigidly, it is impossible to get at them as a class.

If people once form the habit of placing money where it is safe and of expecting only the ordinary return, they are apt to be immune from the delusion of immense profits. More easily are those trapped who have been too suspicious even to use the savings banks and have hoarded their money

by the stocking and stove method. By a curious complete reversal, they turn about and fling this carefully guarded treasure into the maw of the swindlemonger.

That the income from money is of great importance was illustrated in the case of a New York savings bank which reduced its interest rate to three and one-half per cent. for all deposits over \$1,000. Numerous depositors withdrew all but the \$1,000, on which four per cent. was being paid, although the difference in income was only a few dollars.

Another limitation of the savings banks is that placed by law on the amount of deposits. These banks were primarily intended only as safe-guards for people of small money. Depositors who continue to accumulate must ultimately face the consideration of good and bad investments and learn to sink or swim, according to the amount of common sense and judgment they use.

THE INVESTMENT HOUSES.

That bonds were the exclusive properties of the very rich has been the general feeling until within the last few years, when bond houses have made more effort to extend their clientele among the small investors. Many are led into fake schemes by the fallacy that because they have only a little money they cannot afford to buy conservatively, forgetting how ill they can afford to risk both principal and interest for the sake of an uncertain future increase in income.

State, railroad and municipal bonds are pretty generally known, and while

TELEPHONES 6790 6791 6792 6793 6794 BROAD Union Ferry Stock and S's New Amsterdam Gas S's	<h1 style="text-align: center;">WILLIAMSON & SQUIRE</h1> <p style="text-align: center;">MEMBERS N. Y. STOCK EXCHANGE</p> <h2 style="text-align: center;">INVESTMENT SECURITIES</h2> <p style="text-align: center;">25 BROAD ST., NEW YORK CITY</p> <p style="text-align: center;">All Local Street Railway, Gas, Electric and Ferry Companies Bought, Sold and Quoted</p>	Economy Light & Power S's, 1956 Syracuse Light- ing S's, 1951 Dela., Lack. & Western Coal Pacific Gas and Electric King's County El. Lt. & Power
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the interest on them is considered low, it is better, of course, than that on government bonds and equal to the return offered by savings banks.

Another form of investment which is becoming more popular with both small and large investors was found in the bonds of public service corporations, such as street railways, gas, electric and water companies. These bonds are peculiarly safe, as the commodities they furnish cannot be dispensed with nor even economized in. With a marked degree of safety most of them offer an unusually high yield, some as much as six per cent. This is due only to the fact that they have not yet acquired the wide reputation and active market of the older issues.

Many prominent and successful banking houses have built up great success and excellent reputation by handling such bonds. They have made a point of advertising attractively and of distributing information by letters, booklets, etc., on the general subject of bonds and the profitableness of wise investment. This has done much to counteract speculative tendencies. Such houses, based upon honesty and right dealing, have an extensive influence, as their clients turn to them for advice, and they are often able to keep them from putting money into risks.

Most people attach themselves to houses of this character only after one or more experiences of poor investment. Most of them are therefore ready to appreciate what they secure and satisfied to continue to buy year after year. The bond house, nevertheless, needs to be alert to follow up its clients, as the high-profit man and the interested friend are ever active.

MAGAZINES AND NEWSPAPERS.

Magazines and newspapers have shown their influence for both good

and evil in money matters; for the good more and more distinctly within the last few years. Many journals have discovered the actual profit to themselves of excluding from their columns the advertising of all doubtful companies. The confidence of their readers thus gained has increased the purchasing power of the advertisements and redounded to the papers' pecuniary advantage.

Several magazines have taken a fearless position in exposing frauds, even though it involved considerable risk to themselves.

Other journals devoted exclusively to financial matters have been publishing articles in, so to speak, words of one syllable—terms which can be understood by a person unacquainted with the language of finance. One of the stumbling blocks to a better popular understanding of money and its uses has been the apparent unwillingness or inability of those who know finance to get away from the vocabulary of the market.

In proportion as this condition changes—and it has largely—will the average man be able to distinguish between the good and the false, and the glittering manifestos of the "get-rich-quick" people cease to charm and to deceive him.

The press has perhaps the best opportunity to deal with the quality of mind which leads many to "imagine vain things." Imagination is really a valuable asset if applied in a legitimate way. Great leaders, capitalists, inventors have all shown what can be done with it constructively. It is the power to conceive mentally, to outline constantly for the future and to build faithfully and actively in the present. This quality can be applied in a small as well as in a large way, and such appli-



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cation will bring a legitimate increase to the occupation in which the individual is engaged, instead of carrying him far afield into worthless schemes that ultimately leave him penniless and embittered.

The dissemination of investment knowledge and financial common sense will have to go on patiently and con-

tinuously in order to root out the ignorance which leads to so much suffering. But those interested in national well-being will take advantage of every means to accomplish results and from the vantage point of every encouraging sign of growth in intelligence will press on with renewed energy toward the goal of universal sanity.

NORFOLK & WESTERN RAILWAY COMPANY

A PROPERTY OF GREAT POSSIBILITIES

By Robert S. Dana, of Alfred Mestre & Co.

THIS company was incorporated in Virginia, in 1896, as successor, under a plan of reorganization, to a company of similar name, which was originally formed by the consolidation of several small lines in 1883. Subsequently, several other lines were absorbed, and the system as now constituted extends from Norfolk, Va., to Columbus and Cincinnati, Ohio, with lines to Hagerstown, Md., Winston-Salem and Durham, N. C., and Bristol and Norton, Va., with branches penetrating the coal fields of Virginia and West Virginia. At the close of the fiscal year, June 30, 1910, the number of miles operated by the company was 1,951.

Norfolk & Western is one of the leading soft coal roads, and it naturally follows that this product forms the bulk of the company's tonnage. The number of tons of soft coal carried during the fiscal year ending June 30,

1910, was 13,986,054. This was fifty-five per cent. of the road's total freight tonnage during that period.

The freight density or the number of tons carried one mile per mile of road has been maintained at a high level since 1903, and the figures reported for the last fiscal year were the highest in the history of the company. The passenger density shows a considerable decline from the high figures of 1908, but it will be noted that the figures reported for 1910 show a good recovery, and approximate the previous high record made in 1907. A table covering the freight and passenger density for a period of five years is given below:

Year ending June 30	Freight Density	Passenger Density
1906	2,704,515	83,573
1907	2,799,873	93,861
1908	2,650,673	111,260
1909	2,793,258	86,972
1910	3,456,296	93,095

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During the last twenty years the company's coal and coke tonnage, which is its chief source of revenue, has increased from 2,392,117 to 16,968,992, or 609.4 per cent. As this coal is very desirable for both fuel and coking purposes, it always finds a ready market.

The capitalization of the company as of June 30, 1910, is shown to be:

Net funded debt, including
 equipment obligations.....\$115,856,500
 Preferred stock 23,000,000
 Common stock 68,896,000

Total\$207,752,500

This reduced to a per mile basis gives:

Bonds \$58,409
 Preferred stock 11,825
 Common stock 35,422

Total \$105,656

When considering the earning power of railroads, especially for a series of years, the figures should be reduced to a per mile basis. In this way only can a true comparison be obtained, as the "average miles operated" of a company often shows changes from year to year, especially among the larger systems. This basis is made all the more necessary when different lines are to

be compared. The following tables show the earnings and expenses per mile of road operated and dividends paid for the years 1909 and 1910:

Year June 30—	1910	1909
Average miles operated...	1,945	1,925
Freight revenue	\$15,443	\$12,808
Passenger revenue	2,018	1,883
Total revenue	18,027	15,235
Operating expenses	10,821	9,210
Net operating revenue....	7,206	6,025
Total net income	7,796	6,534
Charges, taxes, etc.	3,217	3,150
Balance for dividends...	4,579	3,384
Preferred dividend	473	478
Common dividend	1,694	1,330
Surplus	2,412	1,567
Ratio of oper. expenses to total operating revenue	60.02%	60.73%

DEVELOPMENT OF THE PROPERTY.

The development of the Norfolk & Western during the past twenty years makes an excellent showing. During that period the average mileage operated has increased from 826 to 1,945, or 135 per cent.; the gross earnings have increased from \$7,561,916 to \$35,063,870, or 364 per cent.; the freight tonnage has increased from 5,059,595 to 25,412,529 tons, or 400 per cent.; and the revenue freight train load in

EARNINGS STATEMENT.

Year ending June 30—	1910.	1909.	1908.	1907.
Gross earnings	\$35,063,870	\$29,327,102	\$28,962,217	\$31,164,381
Operating expenses	21,046,760	17,729,756	18,559,487	19,514,536
Net earnings	\$14,017,110	\$11,597,346	\$10,402,730	\$11,649,845
Other income	1,146,207	981,111	707,029	88,948
Total income	\$15,163,317	\$12,578,457	\$11,109,759	\$11,738,793
Charges and taxes, etc.	6,258,152	6,063,024	5,581,643	5,003,685
Balance for dividends	\$8,905,165	\$6,515,433	\$5,528,116	\$6,735,108
Preferred dividend, 4 per cent.	919,668	919,668	919,656	919,644
Balance for common	\$7,985,497	\$5,595,765	\$4,608,460	\$5,815,464
Equivalent per cent.	11.59	8.66	7.15	9.09
Paid on common	3,294,843	2,578,768	2,901,114	3,223,460
Surplus	\$4,690,654	\$3,016,997	\$1,707,346	\$2,592,004

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

tons has increased from 332 to 635, or 91 per cent. The net income for twenty years after deducting operating and interest charges amounted to \$69,494,013; amount paid in dividends during the same period was \$36,596,383, or 52.7 per cent. of net income; the remainder, \$32,897,630, was devoted to the improvement of physical assets, and for other corporate purposes.

Control of the Norfolk & Western is owned by the Pennsylvania Railroad and some of the latter's subsidiary companies. That the management of the property has been and is of the best is proved by the record of its development.

During the last fiscal year and since its close, substantial progress has been made in the acquisition of new lines and the extension of branches. Without doubt the most important act of the current fiscal year was the authorization by the stockholders of a new issue of convertible bonds to the amount of \$50,000,000 and the increase in the company's authorized common stock from \$100,000,000 to \$150,000,000, to provide for the conversion of the bonds. President Johnson, in a letter referring to the proposed issue, stated that the growth of the property in the past had required large sums for additions and betterments which had been financed partly by the sale of bonds and partly by appropriations from surplus income. The letter goes on to say that while it was the intention of the management to continue the policy of making appropriations from surplus income for improvements, the growth of the company's business would necessitate continuous outlays for second track until the main line from Norfolk to Columbus and some of the more important branches had been double-tracked. The letter concludes by stating that it is the desire of the directors to proceed

as rapidly as may seem justifiable with the work of improvement and extensions.

POSSIBLE COMBINATIONS.

A rumor has been recently current that the Pennsylvania would lease the Norfolk & Western under a guarantee of not less than six per cent. dividends upon the latter company's common stock. No confirmation can be had of this rumor, and it is a question whether such a lease would be of sufficient advantage to warrant the Pennsylvania in assuming this liability. Neither can confirmation be had of the rumor that Norfolk & Western would be merged with the Panhandle, one of the Pennsylvania's controlled roads west of Pittsburgh.

There may be some truth in this latter rumor. The two roads meet at Cincinnati and together form a direct line between Chicago and Norfolk. This union might prove to be of great advantage, as Norfolk is capable of great development as a deep water port, and should in a few years' time be able to offer terminal facilities that could not be obtained in such ports as New York, Boston or Philadelphia. There is evidence that the manufacturers of the United States are competing more strenuously than ever for the world's markets, and the success of their efforts must depend largely upon their ability to secure low rates for the transportation of their goods. The advantage of a southern port like Norfolk would be all the greater should this country capture the South American market, now largely controlled by Germany.

Another reason for a merger might be found in the possibilities for development of the coal business between West Virginia and the Middle West.

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There is a constantly increasing demand for bituminous coal, especially the West Virginia Pocahontas, from the manufacturing centers in the middle western States. The steel corporation's plant at Gary, Ind., will consume about 600 cars of coal daily when operating at full capacity, and the Panhandle now has the business of hauling much of the coal for this plant. Subsidiary companies of the steel corporation have leased some 60,000 acres of land from the Pocahontas Coal & Coke Company, which is controlled by the

Norfolk & Western, and a union of the two roads under a single management would undoubtedly be of advantage in this instance, and would furthermore tend to promote their business in this commodity to a much greater extent.

Whatever the outcome of these rumored negotiations may be, there is no reason to doubt that the Norfolk & Western will maintain its progress for years to come, and that its common stock will eventually sell on a level much higher than its present market price.

BIG BUSINESS AND THE GOVERNMENT

By Ballard & McConnel, Pittsburgh

NOW that the anti-trust decisions have been removed from the situation as a factor of uncertainty, the public investor will await with interest the next move on the part of "big business." The effect of these decisions has been reassuring to consumers of commodities and to legitimate investment on a moderate scale, but despite the effort to make it appear that the financiers responsible for the management of great affairs now see their way perfectly clear, the reverse is true. Six months hence, when Standard Oil and American Tobacco have complied with the mandate of the Supreme Court, other corporate managers will breathe more freely, because those representative concerns will have blazed the way through the straight and narrow path but faintly indicated in the decisions of the Court. For the latter, it should be borne in mind, merely pointed out what a corporation *could not* do and retain legal rights, instead of pointing out what a corporation *could* do and still not impinge the law.

This view of the situation, namely, that "big business" has not been reassured, is confirmed by the testimony of Mr. E. H. Gary before the Congressional Committee investigating the Steel Corporation. This testimony was given after sufficient time had elapsed for the legal advisers of the Steel and other great corporations to digest the anti-trust decisions; yet Mr. Gary declared that the Sherman law is too archaic to deal with modern conditions. He said, "I would be very glad if we could know exactly where we stand, and could be free from the dangers and criticisms of the public." That is not the language of a man who has seen a great light and goes confidently on his way. Rather, it is the cry of a man still in the dark.

FEDERAL INCORPORATION.

There can be no doubt that the hope was entertained a little more than three years ago, when the Oil and Tobacco cases were still pending in the lower

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courts, that the dominant party could be induced to put a plank in its national platform favoring a Federal Incorporation Law. The manifest object was two-fold: (1) To appease—if one may use the word—President Roosevelt and thereby divert his energies from the attack; and (2) To provide a refuge for "big business" so that it might in a way become a ward of the General Government, instead of an object of pursuit by political demagogues.

This hope of indorsement by the National Republican Convention of 1908 was not realized to the fullest extent; but a year or so after the election, the Attorney-General, at the suggestion of the President, drafted a Federal Incorporation bill, and in the special Message on January 7, 1910, Mr. Taft strongly advocated its passage by Congress. This, be it remembered, was after the Circuit Court had rendered a sweeping decision against the Standard Oil Company, but more than a year before the case was finally disposed of by the Supreme Court.

OBJECTIONS.

We are inclined very much to doubt the wisdom of pressing a Federal Incorporation Law at this time, and despite Mr. Gary's advocacy of what is certainly Utopian if not positively Socialistic in the matter of Government control of industrial companies, we do not believe any large concern today would embrace the privilege of Federal Incorporation under any act that would receive the approval of Con-

gress. The considerations which prompt this view may be briefly summarized,—

First—The most important provision in the bill advocated by Mr. Taft rigidly prescribed the manner in which capital stock could be issued by a corporation eligible to take advantage of the proposed law. The provisions, if strictly observed, would prevent the injection of what is popularly described as "water" in the capitalization of a federally incorporated company—a desirable object *per se*, but not the greatest desideratum. As a matter of abstract principle, such provisions would be perfectly sound; but viewed in the light of all experience they would be impractical, and they would continue impractical so long as human nature remains what it is.

Second—A Federal Incorporation Law, such as would have any chance of passing Congress, would necessarily involve physical valuation of industrial property, such as radicals propose for railroads, and the appraisalment would likely be made by politicians or academicians totally lacking in qualifications for the task. It would also raise the question of the capitalized value of initiative, organization, good will, etc., which are as vitally essential to profitable operation as concrete property itself. For proof of this one need only point to the fact that iron ore, coal, oil, and gas areas, and all other natural resources, have always existed, but remained undeveloped until the touch of genius, backed by the hope and courage of the pioneer, developed their modern value.

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Third—A Federal Incorporation Law would not suspend or supersede the operation of the Sherman Anti-trust Law, and even if the latter were amended or repealed (an unthinkable proposition in the present state of public sentiment), a federally incorporated concern could not do anything to evade the application of the common law, which the Supreme Court has just decided is the imperishable essence of statute law.

Fourth—A Federal Incorporation Law would inevitably duplicate some of the requirements of the existing Government Excise Tax Law, and this would mean additional expense which would necessarily be added to the cost

of production and therefore to the cost of living.

And finally, the public, which embraces both capital and labor, both consumer and producer, passionately longs for a working knowledge of laws already on the statute-books, before additional legislative experiments are tried. Capital long since abandoned the attitude of *Laissez-faire*; but neither capital nor labor is ready to embrace the doctrine of Marx or lie down to the dream of Sir Thomas More.

There was a time when federal incorporation might have served a useful purpose; but recent developments have, in our opinion, postponed the date when it might be adopted with value to the investor or any other interests involved.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to July 17, 1911.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad st., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	283	290
Allegheny & West'n (B. R. I. & P.)	135	145
Atlanta & Charlotte A. L. (So. R. R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	105	109
Beech Creek (N. Y. Central)	93	98
Boston & Lowell (B. & M.)	214	219
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	25
Boston & Albany (N. Y. Cen.)	220	224
Boston & Providence (Old Colony)	294	...
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	124	140
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	135	140
Catawissa R. R. (Phila. & Read.)	109	...
Catawissa R. R. 2d pfd.	109	...
Cayuga & Susquehanna (D. L. & W.)	210	220
Cent. Pk. N. & E. R. R. (Met. St. Ry.)	10	20
Christopher & 10th St. R. R. Co. (M. S. R.)	100	120
Cleveland & Pittsburg (Pa. R. R.)	165	169
Cleveland & Pittsburg Betterment	95	100
Columbus & Zenia (Pa. R. R.)	205	...
Commercial Union (Com'l. C. Co.)	100	110
Commercial Union of Me. (Com. Co.)	100	...
Concord & Montreal (B. & M.)	155	165
Concord & Portsmouth (B. & M.)	170	...

	Bid.	Asked.
Conn. & Passumpsic (B. & L.)	139	146
Conn. River (B. & M.)	268	...
Dayton & Mich. pfd. (C. H. & D.)	185	195
Delaware & Bound B. (Phila. & R.)	190	198
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	98
East Pa. (Phila. & Reading)	128	138
Elghth Av. St. R. R. (M. S. R. C.)	260	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erle & Kalamazoo (J. S. & S.)	200	230
Erle & Pittsburg (Penn. R. R.)	135	145
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	130	135
Franklin Tel. Co. (West Union)	35	45
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	260	270
Gold & Stock Tel. Co. (W. U.)	108	114
Grand River Valley (Mich. Cent.)	118	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	95	...
Illinois Cen. Leased Lines (Ill. Cen.)	94	97
Jackson, Lana. & Saginaw (M. C.)	83	88
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	138	150
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	74	76
K. C. St. L. & C. pfd. (Chic. & Al.)	120	135
Lake Shore Special (Mich. S. & N. Ind.)	320	340
Little Miami (Penn. R. R.)	209	...
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120

	Bid.	Asked.
Louisiana & Mo. Riv. (Chic. & Atl.)	150	160
Mine Hill & Schuylkill Hav. (F. & R.)	124	
Mobile & Birmingham pfd. 4% (So. Ry.)	66	78
Mobile & Ohio (So. Ry.)	78	85
Morris Can. pfd. (Lehigh Valley)	170	
Morris & Essex (Del. Lack. & W.)	173	175
Nashville & Decatur (L. & N.)	180	190
N. H. & Northampton (N. Y., N. H. & H.)	100	
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	115
N. Y. & Harlem (N. Y. Central)	285	300
N. Y. L. & Western (D. L. & W.)	118	125
Ninth Av. R.R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	150	160
North Pennsylvania (Phila. & R.)	193	
North R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	108	114
Nor. & Wor. pfd. (N.Y., N.H. & H.)	210	
Ogden Min. R.R. (Cen. R.R. of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	186	
Oswego & Syracuse (D. L. & W.)	210	220
Pacific & Atlantic Tel. (W. U.)	60	70
Peoria & Bureau Val. (C.R.I. & P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	
Pitts. B. & L. (P. L. E. & C. Co.)	68	72
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	165	169
Pitts. Ft. Wayne & Chic. special (Pa. R.R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	121	126
Providence & Worcester (N. Y., N. H. & H.)	270	
Rensselaer & Saratoga (D. & H.)	185	190
Rome, Watertown & O. (N.Y.Cen.)	120	122
Saratoga & Schenectady (D. & H.)	160	
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	105	115
Troy & Greenbush (N. Y. Cent.)	165	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	123	
Utica & Black River (Rome, W. & O.)	165	170
Utica, Chen. & Susq. (D. L. & W.)	144	147
United N. J. & Canal Co. (Pa.R.R.)	241	244
Valley of New York (D. L. & W.)	117	123
Ware R. R. (Boston & Albany)	160	
Warren R. R. (D. L. & W.)	165	170

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; Interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11.	98½ - 99½	4.92
Am. Cig. 4s, "B" Mar. 15, '12.	97½ - 98½	5.10
Am. Locomotive 5s, Oct., '10.	99½ - 100½	4.25
Bethlehem Steel 6s, Nov., '14.	100½ - 101	5.60
"Big Four" 5s, June, '11.	100 - 100½	4.35
B. R. & P. Equip. 4½s, Apr., '10.	99 - 100½	
Chic. & Alton 5s, Mar. 15, '13.	98½ - 99½	5.25
C. H. & D. 4s, July, '13.	96½ - 97½	5.05
Diamond Match 5s, July, '12.	98 - 100	5.00
Hudson Co. 6s, Oct., '11.	98 - 100	6.00
Interboro 6s, May, '11.	101½ - 101¾	3.92
K. C. R. & L. 6s, Sept., '12.	98 - 99	6.50
Maine Central 4s, Dec., '14.	98 - 100	4.25
Minn. & St. Louis 5s, Feb., '11.	98½ - 99½	5.58
New Or. Term. 5s, Apr., '11.	99½ - 100	3.45
N. Y. C. Equip. 5s, Nov., '10.	100 - 101½	4.15
N. Y. C. Equip. 5s, Nov., '14.	102½ - 103½	4.15
N. Y. C. Equip. 5s, Nov., '16.	103½ - 104½	4.15
N. Y. C. Equip. 5s, Nov., '19.	104½ - 106½	4.15
N.Y., N.H. & H. 5s, Jan., '11.	100 - 100½	3.70
N.Y., N.H. & H. 5s, Jan., '12.	100 - 101	3.92
N. O. & A. 5s, May, '12.	99 - 100	5.00
St. L. & S. F. 4½s, Feb., '12.	96½ - 98	5.60

Name and Maturity.	Price.	Yield.
Southern Ry. 5s, Feb., 1913.	98 - 98½	5.45
Tidewater 6s, June, '13.	100½ - 101½	5.35
Westinghouse 6s, Aug., '10.	99½ - 100½	4.25
Wood Worsted 4½s, Mar., '11.	99½ -	4.50
Western Tel. 5s, Feb., '12.	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	65	80
Arkansas, Oklahoma & Western		10
Atlanta & West Point	130	140
Atlantic Coast Line of Conn.	230	250
Buffalo & Susquehanna, pref.	10	12
Central New England	10	15
Central New England, pref.	20	27
Chicago, Burlington & Quincy	205	215
Chicago, Indianapolis & Louisville	60	60
Chicago, Ind. & Louisville, pref.	60	80
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	140	
Cincin., N. O. & Tex. Pac., pref.	105	
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref.	92	95
Delaware	42	46
Des Moines & Ft. Dodge, pref.	30	40

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhodes & Company, Bankers.
Dealers in Investment Securities, 45 Wall St., New York.

Name and Maturity	Price.	Yield.
U. S. Gov., reg. 2s, 1930.	100½ - 100¾	1.95
U. S. Gov., reg. 3s, 1918.	101½ - 102	2.60
Panama Canal, reg. 2s, 1936.	100½ - 100¾	1.82
Dist. of Columbia 3-65s	104½ - 106	3.15
Alabama 4s, July, 1956	103½ - 104½	3.75
Panama 3s, 1961 (new issue)	102½ - 102¾	2.85
Colorado 4s, '22 (op. '12)	99 - 100	4.00
Connecticut 3½s, Apr., '30.	99 - 102	
Louisiana 4s, Jan., 1914.	98 - 99½	4.8
Massachusetts 3½s, 1940.	98½ - 99	3.90
New York State 3s, '59.	101 - 102½	2.90
Tenn. New Settlement 3s, '13.	97 - 98	4.10
Va. 6s, B. B. & Co. cfs., 1871.	55 - 58	
Boston 3½s, 1929.	92½ - 95	3.95
New York City 4½s, 1957.	108½ - 109	4.07
New York City 4½s, 1917.	102½ - 103½	3.99
New York City 4s, 1959.	100 - 100½	3.99
New York City 4s, 1955.	99½ - 100	4.00
New York City 4½s, 1960.	104 - 104½	4.06
New York City 4½s, 1930-1960.	102½ - 103	4.03
New York State Canal 4s, 1960.	105 - 105	3.73
New York City 3½s, 1954.	88½ - 89	4.03

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

	Bid.	Asked.
Bleecker St & Ful Fy		
1st 4s	1950	J&J 55 65
Bway Surf Ry 1st 5s, 1924	J&J 101½ 103	
Bway & 7th Av stock.		120 140
Bway & 7th Av Con 5s, 1943	J&J 101 103	
Bway & 7th Av 2d 5s, 1914	J&N 99 101	
Col & 9th Av 1st 5s, 1933	M&S 100 100	
Christopher & 10th St.	QJ 100 115	
Dry Dk E B & Bat 5s, 1932	J&D 99½ 100½	
Dry Dock E B & Bat		
Cts 5s	1914	F&A 30 40
Lex Av & Pav Fy 5s, 1922	M&S 100 101½	
Second Av Ry stock.		9 13
Second Av Ry Con 5s, 1948	F&A 42 48	
Sixth Av Ry stock.		120 128
South Ferry Ry 1st 5s, 1919	J&D 70 90	

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WALL & BROAD STS., NEW YORK

FIRST NAT'L BANK BLDG., CINCINNATI, O.

		Bid.	Asked.
Union Ry 1st 5s.....1942	F&A	101½	102
Westchester El Ry 5s.....1942	J&J	85	75
Yonkers Ry 1st 5s.....1946	A&O	75	85
New Amst Gas Cons 5s.1927	J&J	101½	102½
Central Union Gas 5s.1927	M&S	101½	102½
Equitable Gas Light 5s.1930	J&J	103	103
N Y & E R Gas 1st 5s.1944	J&J	194	105½
N Y & E R Gas Cons 5s.1945	J&J	99	101
Northern Union Gas 5s.1927	M&N	.....	.....
Standard Gas Light 5s.1930	M&N	103	106
Westchester Light 5s.1950	J&D	100½	103
Brooklyn Ferry Gen 5s.1943	.....	15	24
Hoboken Fy 1st mtg 5s.1946	M&N	105½	107½
NY & Bkn Fy 1st mt 6s.1911	J&J	90	96
NY & Hobok Fy Gen 5s.1946	J&D	96	99
NY & East River Fy.....	QM	20	28
10th & 23d St Ferry.....	A&O	30	40
10th & 23d St Fy 1st 5s.1919	J&D	60	70
Union Ferry	QJ	27	30
Union Ferry 1st 5s.....1920	M&N	97	100

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Investment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17....	4½	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4½	4½
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13....	4½	4½
Ches. & Ohio 4%, Oct., '16.....	5	4½
Chic. & Alton 4%, June, '16.....	4½	4½
Chic. & Alton 4½%, Nov., '18....	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5½	4½
Del. & Hud. 4½%, July, '22.....	4½	4½
Erle 4%, Dec., '11.....	5	4½
Erle 4%, June, '13.....	5½	4½
Erle 4%, Dec., '14.....	5	4½
Erle 4%, Dec., '19.....	5	4½
Erle 4%, June, '16.....	5	4½
N. Y. Cent. 5%, Nov., '11.....	4½	4½
N. Y. Cent. 5%, Nov., '13.....	4½	4½
No. West. 4%, Mar., '17.....	4½	4½
Pennsylvania 4%, Nov., '14.....	4½	4½
So. Ry. 4½%, Series E, June, '14.	5½	4½

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real Estate Securities, 42 Broadway, New York.

Realty Bonds.

Bonds are all traded in (and accrued interest).

	Bid.	Asked.
American Real Estate Co., Gold 6% 91	97	
Broadway Realty Co., 1st Mtg. 5% 101	105	
Broadway Realty Co., 2d Mtg. 5% ..	80	
Estate of Long Beach, 6%	78	
Greeley Square Realty Co., 5%	85	
Hotel Rector, 2d Mtg., 6%, 1919.	85	
Improved Property Holding Co. of N. Y., 6%, Series A	102	105
Improved Property Holding Co. of N. Y., 6%, Series B	96	100
Mortgage Bond Co., 20 yr. 4%	85	89
Monaton Realty & Inv. Corp., 6%	85	95
N. Y. R. E. Sec. Co., Gold Mtg. 6% 99	100	
N. Y. Realty Owners, Guar. 6%	88	95½
N. Y. Central Realty Co., Gld 6%	87½	93
Queensboro Corp., Part. 5%	94	100
U. S. Realty & Imp. Conv. Deb. 5% 90	91	

Realty Stocks.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com. 5%	200	...	
Ackerson, T. B. Co. pfd. 8%	99	100	
*Alliance Realty Co. 8% Q. Apr	118	125	
Bond & Mtg. Guar. Co. 12% Q. Feb.	248	248	
City Investing Co.	55	60	
City & Sub. Homes Co. 4% Jne & D.	8	9	
Lawyers Mortgage Co. 12% Q. Jan.	263	268	
Lawyers T. I. & T. Co. 12% Q. Jan.	240	246	
Monaton Realty & Inv. Corp. pfd.	10%	95	110
N. Y. Mtg. & Sec. Co. 12% Q. Jan.	208	215	
N. Y. R. E. Sec. Co. ....	.....	.....	.....
Conv., 1st pfd.	7%	98	100
Realty Associates	6% J. & J.	108	114
Second United Cities 5%	...	75	
R'lty Co., Ser. A, pfd 20% Q. May	485	495	
Title Guar. & Trust Co.	.....	.....	.....

* 6% extra dividend 1910.

COAL BONDS.

Quoted by Frederick H. Hatch & Co., Dealers in Investment Securities, 30 Broad St., New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	83	87
Cahaba Coal Min. Co. 1st 6s, 1922.	105	...
Clearfield Bitum. Coal 1st 4s, 1940.	...	85
Consolidated Indian Coal 1st Sink-	...	...
ing Fund 5s, 1935	79	84
Continental Coal 1st 5s, 1952.....	92	100
Fairmount Coal 1st 5s, 1931.....	94	97
Kanawha & Hocking Coal & Coke	...	...
1st Sinking Funds 5s, 1951.....	99	101
Monongahela River Con. Coal &	...	...
Coke 1st 6s, 1949	109	113
New Mexico Railway & Coal 1st &	...	...
Coll. Tr. 5s, 1947	95	100

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, Bankers, Members New York Stock Exchange, 44 Pine St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101½	102
Amer. Steel Foundaries 4s, 1923....	67	68
Amer. Steel Foundaries 6s, 1935....	102½	105
Balt. & Ohio, Southwest. Div. 4½s...	90½	91
Bethlehem Steel 5s	95½	96
Chic., Burlington & Quincy Gen. 4s...	96½	97
Chic., Burl. & Quincy Ill. Div. 4s...	99½	99½
Chic. Burl. & Quincy Ill. Div. 3½s...	88	89½
Cin., Hamilton & Dayton 4s	99	99½
Denver & Rio Grande Refng 5s....	90½	91
Louis. & Nashville unfrd 4s	99½	99½
Mason City & Ft. Dodge 4s	83½	84½

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall St., New York.

	Bid.	Asked.
German Govt. 3½s	93¼	94¼
German Govt. 3s	83	84
Prussian Consols 4s	102	103
Bavarian Govt. 4s	101	102
Saxony Govt. 3s	82¼	83¼
Hamburg Govt. 3s	81½	82¼
City of Berlin 4s	100½	101½
City of Cologne 4s	99½	100½
City of Augsburg 4s	99½	100½
City of Munich 1s	99½	100½
City of Frankfurt 3½s	92	93
City of Vienna 4s	94¼	95¼
Mexican Govt. 5s	98¼	99¼
Russian Govt. 4s	91½	92½
French Rente 3s	94	95
British Consols 2½s	78	79

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers,
Members of the New York Stock Exchange,
24 Broad St., New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com. 33	37	
Bonds, 6%, due 1932 (Int.) 92	94½	
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.) 73	...	
Arizona Power Co. bonds, 6%, due 1933 85	93	
Arizona Power Co. pref. 56	...	
Arizona Power Co. com. 20	24	
Great Western Power Co. bonds, 5%, due 1946 87	87½	
Mobile Elec. Co. bds., 5%, due 1946 88½	90	
Mobile Electric Co., pref., 7% 87	90	
Mobile Electric Co., com. 80	...	
Amer. Power & Lt. Co., pref., 6% 83	84	
Amer. Power & Lt. Co., com. 74	77	

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and
Dealers in Miscellaneous Securities, 33 Wall
St., New York. ¼ ½ %

	Bid.	Asked.
Adams Express 235	240	
American Brass 128	126	
American Chiclet com. 272	278	
American Chiclet pref. 107	112	
American Coal Products 96	97½	
American Express 230	236	
American Gas & Electric com. 55	57	
American Gas & Electric pref. 42	44	
Babcock & Wilcox 101	104	
Borden's Condensed Milk com. 128	128	
Borden's Condensed Milk pref. 107	109	
Bush Terminal 95	100	
Childs Restaurant Co. com. 173	...	
Childs Restaurant Co. pref. 113	117	
Del., Lack. & Western Coal 315	330	

	Bid.	Asked.
E. W. Bliss com. 75	105	
E. W. Bliss pref. 122	130	
General Motors com. 55	56	
General Motors pref. 87½	89	
Gray National Telautograph 6	8	
Hall Signal com. 10	14	
Hudson & Manhattan com. 17	19	
International Nickel com. 245	255	
International Nickel pref. 100	102	
International Silver pref. 115ex	119ex	
Kings Co. E. L. & P. 127	130	
Otis Elevator com. 70	75	
Otis Elevator pref. 100	105	
Pacific Gas & Electric com. 60	62	
Pacific Gas & Electric pref. 88	90	
Penn. Water & Power 55	59	
Phelps, Dodge & Co. 208	215	
Pope Manufacturing com. 54	59	
Pope Manufacturing pref. 75	80	
Producers Oil 90	105	
Royal Baking Powder com. 193½	198½	
Royal Baking Powder pref. 107	109	
Safety Car Heating & Lighting 118	121	
Sen Sen Chiclet 140	143	
Singer Manufacturing 270	280	
Standard Coupler com. 42	47	
Texas & Pacific Coal 96	102	
Thompson-Starrett com. 120	130	
Thompson-Starrett com. (with cert.) 140	150	
Thompson-Starrett pref. 100	110	
Tri-City Railway & Light com. 30	32	
Tri-City Railway & Light pref. 92	95	
U. S. Express 95	98	
U. S. Motors com. 39	41	
U. S. Motors pref. 80	82	
Union Typewriter com. 42	45	
Virginian Railway 22	28	
Wells Fargo Express 160	166	
Western Pacific 16	18	
Western Power com. 32	34	
Western Power pref. 60	62	
Worthington Pump pref. 106	...	

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BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

DRAFT DRAWN BY AGENT UPON HIS PRINCIPAL

MAY BE TREATED AS PROMISSORY NOTE.

Supreme Court of New Mexico, February 1, 1911.

FIRST NATIONAL BANK OF ARTESIA VS. HOME INSURANCE COMPANY OF NEW YORK.

A draft drawn by an agent upon his principal by authority of the principal is equivalent to a draft drawn by the principal, and may, therefore, be tested as a promissory note under the provisions of the Negotiable Instruments Law that where the drawer and drawee are the same person the paper may be treated as a promissory note.

THIS action was brought upon a draft in the following form:

"\$900.00. Los Angeles, Cal., July 5, 1910. The Home Insurance Company, New York. Pay to the order of Amy Henry, nine hundred and ^{no/100} dollars, being in full for loss and damage by fire under policy No. 536 of Artesia, New Mexico, agency as per receipt hereto attached. Chas. Quitzow, Spc." Indorsed on the back: "Amy Henry." "This draft will not be paid if detached from receipt herein referred to." "The Home Insurance Company, New York. \$900.00. Los Angeles, Cal., July 5, 1910. Received of Chas. Quitzow, Spc. Agent, a sight draft on the Home Insurance Company, New York, for the sum of nine hundred and ^{no/100} dollars which when paid will be in full of all claims and demands for loss and damage by fire on the 23rd day of May, 1910, to the property insured by policy No. 536, issued at the Artesia, New Mexico, agency of said company, and in consideration of said payment the policy is hereby cancelled and surrendered to said company. Amount of claim, \$900.00. Interest, \$——. Draft, \$900.00. Amy Henry." "Duplicate of this receipt has been indorsed on the policy and signed by all parties in interest. Chas. Quitzow, Agent."

The question presented to the court

was whether the insurance company was liable upon this draft, not having accepted the same.

MECHEM, J. (omitting part of the opinion: "While under the provisions of the negotiable instrument act [Laws of 1907, c. 83] an acceptance is necessary to bind the drawee on a draft, where the drawer and drawee are the same persons, it is expressly provided by section 130 of that act that a draft may be treated as a promissory note, and thus requiring no acceptance. The same principle of law is stated generally in 7 Cyc. 759. The allegations of the complaint of the present case make the drawer the agent of the insurance company, fully authorized to make the draft. This under very respectable authority makes it a case where the drawer and the drawee are the same. As is stated in Gray Tie Co. vs. Farmers' Bank [109 Ky. 694] 60 S. W. 537, 'a draft drawn by an agent on his principal by authority of the principal is equivalent to a draft drawn by the principal upon himself, and need not be accepted by the drawee in order to bind it.'"

AGREEMENT TO EXTEND AS CONSIDERATION FOR PLEDGE OF COLLATERAL

Court of Appeals of Kentucky, March 10, 1911.

AMERICAN NATIONAL BANK VS. J. S. MINOR & SON.

An agreement to extend the time of payment of notes previously discounted is a good consideration for the deposit of collaterals.

A provision in a collateral note authorizing the application of the collateral to any other debt due to the bank is valid.

ON October 17, 1908, R. J. Finck was indebted to the American National Bank upon two notes which were past due. The aggregate amount of

these notes on that date was \$2,759.43. In order to secure further time, the maker agreed to pledge, as additional security, two notes executed by E. H. Taylor, Jr., & Sons, and payable to J. S. Minor & Son, and indorsed by them to Finck. This proposition was acceptable to the bank, and a collateral note was signed by Finck, and these two notes were pledged with the bank.

These Taylor notes, upon maturity, were collected by the bank, and the proceeds applied, first, to the discharge of the obligation of October 17, 1908, and the balance of \$692.05 to the discharge in part of another note held by the bank against Finck and one Conner for \$3,400. The authority for making this application of the \$692.05 was the following provision of the collateral note: "Having deposited with the said bank as collateral security for payment of this or any other liability or liabilities of mine to said bank, due or to become due, or that may hereafter be contracted, the following property." (Here follows a description of the notes.) It developed that Minor & Son had merely loaned the notes in question to Finck as a matter of accommodation to enable him to secure the desired extension on the payment of his \$2,759.43 indebtedness.

LASSING, J. (omitting part of the opinion): There being neither fraud nor mistake shown in the transaction, and plaintiffs' right being measured by the information it had at the time the Taylor notes were pledged to it, the contract must be enforced as written, for the bank's right to make such a contract cannot be seriously questioned. In 1 Morse on Banks & Banking (4th Ed.) § 332, it is said: "General liens are not favored, and must rest upon special agreement, course of dealing between the parties, or general usage. And, if there is any circumstance inconsistent with the claim of a lien, it will not be upheld, as where securities are delivered to a bank for a specific purpose." Accepting this as a correct exposition of the law, and measuring plaintiffs' rights thereunder, it seems

its contention must be upheld, for the note expressly authorizes its application to any other indebtedness of Finck to the bank. In other words, the bank's right to make this application arises out of the contract, which stands unimpeached.

The case of Hanover National Bank vs. Suddath, 215 U. S. 110, cited and relied upon by appellee, is not in conflict with this view, but rather supports it. In that case there was an attempt on the part of the Hanover Bank to hold and apply certain notes to the payment of an indebtedness which it held against the Abilene Bank when these notes were offered for discount. They were not pledged at all, but were offered for sale, as it were, and the court simply held that when they were offered to it for one purpose they could not be held for another over the protest of the owner. There was no such agreement in that case as here; but the right of the Hanover Bank to make the application sought was denied for the very reason that, instead of an agreement authorizing such an application, there was a positive instruction to the contrary.

It is urged that there was no consideration for the agreement to pledge the collateral to secure other debts. Section 25 of the Negotiable Instruments Code (Laws 1904, c. 102) provides that: "Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes a value, which is deemed such, whether the instrument is payable on demand or at a future time." And section 27 of said act further provides that: "Where the holder has a lien on the instrument, arising either from contract or by implication of law, he is deemed a holder for value to the extent of his lien." The agreement not to sue, but to extend the time for the payment of the debts then due, to wit, \$2,759.43, is ample consideration for the pledge of the notes in the way and manner provided in the contract.

DUTY OF PERSON RECEIVING NOTE CONTAINING BLANKS

FILLING UP WITHOUT AUTHORITY.

Supreme Court of New York, Appellate Division, First Department, June, 1911.

UNION TRUST COMPANY OF NEW JERSEY
VS. LLYOD C. MCCRUM.

By section 33 of the Negotiable Instruments Law it is the duty of a person who receives and intends to rely upon a note that is partly blank to see that it is filled up strictly in accordance with the authority given and within a reasonable time, and unless this is done it cannot be enforced against any person who became a party thereto prior to its completion.

SCOTT, J., (omitting part of the opinion): The law respecting the duty of a person who receives and intends to rely upon a note that is partly blank is now well settled in this State. "In order that any such instrument, when completed, may be enforced against any person who became a party thereto prior to its completion, it must be filled up strictly in accordance with the authority given and within a reasonable time . . . " (sec. 33, Negotiable Instruments Law). It is unquestioned that defendant became a party to the note prior to its completion, and he is absolved from liability unless it was filled up not only in strict accordance with the authority given by him but also in a reasonable time. Clearly the latter requirement was not observed. When plaintiff accepted the uncompleted note bearing defendant's indorsement it did so subject to any equities between the Currant Company and defendant, for unless the note was filled up strictly in accordance with defendant's authority he would not be bound. No attempt was made by plaintiff to show what authority defendant had given as to the filling in of the note, and perhaps it was impossible to do so, since Coit's evidence apparently could not be obtained. The defendant, however, testified that while he gave Coit notes indorsed in blank for use in another bank, he never gave him such a note for use with plaintiff except to secure a balance said to be still due on the \$2,500 note, and that when he did this Coit assured him that

the \$5,000 loan had been paid off. If this was true, and the jury might well have believed it, the note sued upon had not been filled up "strictly in accordance with the authority given" and the verdict should have been for the defendant. From every point of view therefore the direction of a verdict in favor of the plaintiff was erroneous.

PAYMENT OF CHECK WITHOUT KNOWLEDGE OF DEPOSITOR'S INSOLVENCY

Court of Appeals of Maryland, November 30, 1910.

NATIONAL EXCHANGE BANK OF BALTI-
MORE VS. GINN & CO.

The rules of the clearing house association are binding only on its members, and do not affect the rights and liabilities of others, and the failure of a bank paying a check drawn by a depositor in favor of a third person, who forwards it through another bank for collection, to offer to return the check to the collecting bank and to demand repayment, within the time prescribed by the rules of the association, does not impair its right to recover the amount from the third person, providing its right to recover is otherwise perfect.

A bank must know the state of its depositor's account, and, where a check by a depositor is paid on presentation, the rights of the payee are conclusively settled, in the absence of fraud on his part, though the depositor had no funds on deposit.

A bank paying a check of a depositor who is a debtor, in ignorance of the depositor's insolvency at the time, may not recover the amount paid to the holder in order that its right of set-off against the depositor may be utilized, each party concerned acting in good faith, and the depositor, when drawing the check, having funds in the bank.

ON October 19, 1909, the William J. C. Dulaney Company drew its check on the National Exchange Bank of Baltimore, payable to the order of Ginn & Co., for the sum of \$5,000. The check was mailed to the payees in New York, and was by them deposited on October 20, 1909, in the National Park Bank. On the same day it was forwarded by that bank to the Farmers' & Merchants' National Bank of Baltimore for collection. It was received by the latter bank on the morning of October 21, and about nine o'clock on that

morning the check was passed through the clearing house, and was paid about eleven o'clock in the regular course of clearance settlements. At ten o'clock approximately on the same morning receivers were appointed for the Dulaney Company. The company's deposits just prior to the payment of the check in question amounted to \$9,019.18. It was indebted to the bank in the aggregate sum of \$21,620.80, including \$5,000, upon a promissory note which matured that day, and \$5,792.02 upon a demand note. The bank might have set off the Dulaney Company's indebtedness against its deposit credits, but, supposing it to be solvent and in ignorance of the receivership, the bank honored the \$5,000 check when it was presented in due course for payment.

About fifteen minutes before twelve o'clock, and within an hour after it paid the check, the bank learned for the first time of the appointment of receivers for the Dulaney Company and of its insolvency. One of the bank's officers thereupon immediately offered to return the check to the Farmers' & Merchants' Bank, and requested repayment. This was refused, and the appellant then proceeded against the payees as nonresident debtors, and attached in the hands of the Farmers' & Merchants' Bank as garnishee the funds which had been paid on the check.

The contention of the bank was that the insolvency of the Dulaney Company matured its obligations to the bank, that the deposits of the company thereupon became applicable to its indebtedness, and that consequently there was no money really available for the payment of the check when it was presented. It argued, therefore, that the check was paid as the result of a mistake as to the true condition of the drawer's account.

Concerning the effect of the clearing-house rule, the court said: "As the suit is directly against the payee of the check, the situation is not affected by the rules of the clearing house through which it was presented and collected. One of these rules provides 'that errors

in exchange and claims arising from the return of checks or other causes are to be adjusted by eleven o'clock a. m. directly between the banks which are parties thereto, and not through the clearing house," and that "upon request made before eleven o'clock a. m. every bank shall extend until twelve o'clock the time for returning to it checks 'not good.'"

When the offer was made at about a quarter to twelve o'clock to return the check under consideration, it was refused upon the ground that it was made after eleven o'clock, and that there had been no request prior to that hour for an extension of time. It is well settled that such a regulation is binding only upon the members of the Clearing-House Association. Its rules are designed exclusively for their convenience and protection as among themselves, and have no effect upon the rights or liabilities of other parties. (5 Cyc. 614; *Merchants' Nat. Bank vs. Nat. Bank of Commonwealth*, 139 Mass. 518, 2 N. E. 89; *Overman vs. Hoboken City Bank*, 30 N. J. Law, 61.)

The failure of the appellant to offer to return the check and to demand repayment within the time prescribed by the rules of the clearing house would therefor not impair its claim against the payee for the restoration of the fund if its right of recovery should be found to be otherwise perfect. So far as the purposes of this case are concerned, the situation is precisely the same as if the appellees had in person presented the check to the appellant, and had received the money over its counter."

The court then proceeded to examine the main question, and after reviewing a number of decisions said:

"If in the present case the appellant had actually set off the Dulaney Company's indebtedness against its deposits, thus producing an overpayment, and had then inadvertently paid the check in question, it would clearly, under the authorities cited, have no right of action against the appellees. This is not in reality the precise condition with which we are now dealing, but we see

no reason for applying to the case at bar a different rule from that which governed the cases to which we have referred. The mistake of paying the check of a drawer who has no funds to meet it is just as much due to ignorance of the real facts as is the mistake of making such payment in consequence of the erroneous assumption of the drawer's solvency. In every such instance the error results from a misconception which may have been more or less readily avoidable according to the particular circumstances. In the case of a check drawn against an insufficient deposit, the bank has immediately at hand the means of learning the true state of the account, while in a case like the present, where its action is influenced by consideration of the financial responsibility of a customer, the usual sources of information may not be equally convenient. But whether the mistake relates to the condition of a drawer's deposit, as in the Swift Case, or as to the value of a security, as in the Michigan decision from which we have quoted, or as to the credit of a borrower, as in the case before us, it is occasioned by misapprehension as to facts which might have been ascertained, and with which a bank is presumed to have the ability to acquaint itself in the prosecution of its business.

In the present instance it was not the appointment of receivers for the Dulaney Company, but the insolvency which that proceeding demonstrated, that made it desirable for the appellant to apply the company's deposits to its notes, instead of honoring its checks. Insolvency without a receivership would have produced the same situation. It does not appear from the record how long the company was in failing circumstances prior to the payment now sought to be revoked.

But, if mere ignorance of the insolvency could be held to be a sufficient ground of recovery, it would make no difference in principle for what period of time that condition had existed. If the rule contended for by the appellant were to prevail, "no one," to use the

language of this court in the Swift Case, "could know when he could safely receive payment of a check."

There does not seem to us to be any sound or reasonable basis upon which to distinguish this case from those we have cited in the application of the rule they announce, and to require the payees of the check here involved, who were in a much less favorable position than the appellant for knowing the responsibility of the drawer, to restore the money they have received in satisfaction of a bona fide debt, in order that the appellant may be relieved of the necessity, to which they would then be subjected, of resorting to the insolvent estate of the debtor.

IDENTIFICATION OF TRUST FUNDS DEPOSITED IN BANK

IDENTITY NOT DESTROYED BY DEPOSIT.

Supreme Judicial Court of Maine, February 24, 1911.

FIRST NATIONAL BANK OF AUBURN VS. EASTERN TRUST & BANKING COMPANY.

The deposit of a particular fund in a bank to the general credit of the depositor does not necessarily destroy the identity of the fund; for if it can be identified, it, or so much of it as has not been disposed of by the bank before notice, may be recovered of the bank by the person entitled to it.

THE H. J. Willard Company was engaged in the business of buying and selling automobiles. The plaintiff bank advanced the money to the Willard Company to purchase several automobiles and took a separate promissory note with a bill of sale for each automobile. The bank further authorized the Willard Company to sell each automobile for the purchase of which it had advanced the money and received the bill of sale. The Willard Company sold an automobile with the understanding, implied at least, that enough of the proceeds of the sale should be remitted to the plaintiff bank to pay the amount due the bank on that automobile.

The Willard Company, however, did not remit any of the proceeds to the

plaintiff bank, but deposited them to its own credit in the defendant bank with which it had a deposit account. At the time of the deposit the defendant bank had no notice of the title of the plaintiff bank to the money thus deposited, nor of the facts relied upon as showing such title, and simply credited the amount to the Willard Company's deposit account. The next day, or soon after, however, and before it had made any disposition of the money other than to pay some checks of the Willard Company, it received distinct notice of the plaintiff bank's title, and also a demand to pay over to the plaintiff bank so much of the money as had not then been checked out by the Willard Company without notice. Considerably later, the defendant bank applied the balance then appearing on its books to some overdue notes of the Willard Company, and overdue at the time of the deposit.

In the course of its opinion, this court said: "The defendant bank did not acquire any better title to the money than did the Willard Company, except that it was protected in the disposition of the money in the regular course of business made before it had notice of the circumstances and the consequent title of the plaintiff bank. After that, it was bound to pay over to the plaintiff bank or its order what then remained undisposed of. It had no right after such notice to make any other disposition of the money."

Of course, the plaintiff bank could not maintain an action if before notice of its claim the identity of the money had been lost; if it could not be shown that the money, or part of it, in the defendant bank at the time of the notice was the proceeds of the plaintiff's automobile. For instance, if before notice the defendant bank had paid out in the regular course of business all the deposit that was the proceeds of the automobile, and the Willard Company had subsequently deposited other money derived from other sources, to which money the plaintiff had no title, the plaintiff could not recover that money to satisfy its claim for the first

money. As to the later deposit, the defendant would not be the debtor of the plaintiff.

The defendant bank urges that the identity of the money in question was lost when it was deposited. It may be difficult to trace the money after a general deposit of it in a bank to the personal credit of the person who was bound to pay it to some one else, but a deposit of it in a bank does not necessarily destroy its identity. It may still be shown to be money belonging to the plaintiff. (*Houghton vs. Davenport*, 74 Me. 590; *Cushman vs. Goodwin*, 95 Me. 353, 50 Atl. 50.)

In this case the original amount to the credit of the Willard Company in the defendant bank is known, and no other deposit was made after the one in question. Deducting this original credit and also the checks paid by the defendant bank before notice, the balance was clearly the proceeds paid to the Willard Company by the purchaser of the automobile belonged to the plaintiff, at least to the extent of the balance."

TAKING DRAFT IN PAYMENT FOR COLLECTION

BANK NOT LIABLE FOR.

Court of Appeals of Texas, December 31, 1911.

FIRST NATIONAL BANK OF MEMPHIS VS. FIRST
NATIONAL BANK OF CLARENDON.

In accordance with custom, a bank to which a check is sent for collection in the city in which the drawee bank is located may accept the drawee's draft or check in payment, and is not negligent in failing to demand payment in money.

THIS action was brought by the First Nat. Bank of Clarendon against the First Nat. Bank of Memphis to recover money remitted by the former to the latter in payment for two checks which had been forwarded by the Memphis bank for collection.

The checks were drawn on the Citizens' Bank of Clarendon, and the drawer had money to his credit with the drawee sufficient to pay the checks, but on the day following the presenta-

tion of the checks it closed its doors on account of insolvency. The plaintiff bank presented the checks for payment on the same day they were received, which was one day prior to the cessation of business by the Citizens' Bank, and accepted in payment therefor drafts upon other banks given by the Citizens' Bank, but these drafts proved to be worthless on account of the insolvency of the Citizens' Bank who issued them. As soon as plaintiff received those drafts, it forwarded to the Memphis bank its own check on the Ft. Worth National Bank; its cashier believing at the time that the drafts so accepted would be paid. Before the Memphis bank received the check drawn by the plaintiff bank, its cashier was notified over the telephone of the insolvency of the Citizens' Bank of Clarendon, and promised to return the same. Relying upon this promise, the cashier of the plaintiff bank took no steps to recall its check sent to the Memphis bank, and later the Memphis bank collected the check, and, having refused to refund the amount thereof to the plaintiff, this suit was instituted to recover the amount so collected by the Memphis bank.

DUNKLIN, J. (omitting part of the opinion): The evidence showed that, when the plaintiff bank presented the checks to the Citizens' Bank of Clarendon, the latter bank had money on hand sufficient to have paid the same in currency. The appellee alleged in its petition a custom among banks to accept payment in drafts of checks received by it for collection, and evidence was introduced establishing that custom, which was well known. As a predicate for a verdict in plaintiff's favor, the jury were instructed that they must find that plaintiff exercised due diligence and care in receiving the drafts in payment of the checks which they attempted to collect; that in so doing plaintiff in good faith believed that the drafts so received by it would be paid; and, further, that a demand for cash on the checks would have been refused by the Citizens' Bank. The jury were also instructed to return a verdict in

favor of the defendant if they believed that the Citizens' Bank would have paid cash in satisfaction of the checks, if the same had been demanded. Appellant insists that, in the absence of an instruction from it to the contrary, appellee had no authority to accept payment of the checks in anything but money, and upon this question the authorities seem to be in conflict. In *National Bank of Commerce vs. American Exchange Bank of St. Louis* (151 Mo. 320), the Supreme Court of Missouri holds that, when a bank accepts a worthless check in payment of a draft which it undertakes to collect, it makes the check so accepted its own, and its liability is the same as if cash had been received, and that a usage of banks to so collect checks is unreasonable. The opinion in that case is in line with numerous authorities cited therein. On the contrary, it is held in many States that a collecting bank is justified by usage or custom in receiving as payment the check or draft of the debtor drawn on another bank. (See 5 Cyc. 506, and decisions there cited.) The latter rule seems to us supported by better reasoning and more consistent with equitable principles which should govern in such transactions. It is a matter of common knowledge that the consideration received by a collecting bank for such services is small, and, if a custom of usage has grown up among banks to accept drafts of other banks in lieu of money, authority to collect in accordance with custom and in the exercise of due diligence should be implied, in the absence of some special instruction to the contrary. An additional reason for the application of this rule in the case at bar is found in the fact that under the charge already quoted the jury necessarily found that the checks which the plaintiff bank undertook to collect would not have been collected in money, if money had been demanded, thus showing the worthlessness of the check which the plaintiff was employed to collect. (5 Cyc. 511.)

OVERDRAFT BY PUBLIC OFFICER**MUNICIPALITY NOT LIABLE.**

Supreme Court of Pennsylvania, January 3, 1911.

CITY OF PITTSBURGH VS. FIRST NATIONAL BANK OF SHERADEN.

Where a borough treasurer deposited borough money in a bank in his own name as treasurer, the account was that of the treasurer and not of the borough; and where he issued warrants reciting that they would be paid, when properly indorsed, at the bank, such warrants being signed with his name as treasurer, they were equivalent to checks drawn directly by him upon the bank.

Where the treasurer, also cashier of a bank, made an overdraft on his account as treasurer, the overdraft is in the nature of a loan to the treasurer and not to the borough, and where the treasurer had no authority to borrow money for the borough, and the borough did not ratify his act, the bank cannot hold the borough liable for the overdraft.

IN this case the city of Pittsburgh sought to restrain the First Nat. Bank from suing on certain vouchers, which it had received from T. Ure Williams, who was treasurer of the Borough of Sheraden and also cashier of the bank, and the bank by cross-bill sought to enforce these vouchers against the city.

POTTER, J. (omitting part of the opinion): In the fourth request by plaintiffs for conclusions of law they asked the court to say: "The deposit accounts opened in the First National Bank of Sheraden by T. Ure Williams, the borough treasurer, are the accounts of the treasurer, and not the accounts of the borough." The answer of the court was, "Affirmed as to opening of the accounts." This was true, but the affirmance should have been without qualification, for at no time did it appear that the borough had any control over the accounts which its treasurer opened in the bank. The borough made no deposits. It drew no checks against these accounts. Its funds were placed in the custody of its treasurer, and were disbursed by means of warrants or vouchers addressed to him, and not to any bank. The fact that he may have stamped his order for payment directed to his bank upon the original warrant

or voucher made no difference. It was the act of the treasurer, and his alone, that authorized the bank to charge against his account the amount authorized by him to be so charged. The borough could have no means of knowing whether Williams deposited in the bank all the funds which came into his possession as treasurer. Whether he did or not was no affair of the borough. That an account thus opened with a bank by the treasurer of a municipality is the account of the treasurer and not that of the municipality has been authoritatively settled. In *Swartwout vs. Bank, 5 Denio (N. Y.) 555, 558*, a deposit in the bank was made in the name of "Samuel Swartwout, Collector." Whittlesey, J., said: "A mere deposit by a collector in his own name, with his official addition, is no accounting for the money received by him in his official capacity. A county treasurer, sheriff, surrogate, or other such officer opens an account with a bank with his official addition, and keeps a separate account in such capacity, most clearly he can collect such deposits in his own name, and the bank would not be permitted to show that the money belonged to the county," etc. This doctrine was cited with approval in *Scranton vs. Bank, 24 N. Y. 424, 428*. It was also followed in *Perley vs. Muskegon County, 32 Mich. 132, 136*, which was a case of a county treasurer. In a still later Michigan case—*Lansing vs. Wood, 57 Mich. 201, 211*, it was said: "We held, in *Perley vs. Muskegon, 32 Mich. 132*, that, where the bank in which a treasurer makes a deposit is not one which is determined by law as a public agency for deposit, the money which he deposits

* * * * *

The result of the deposit showed that Williams had used the funds of the borough for his own purposes, and had taken advantage of his position, as cashier of the bank, to borrow funds by means of an overdraft created by him, with which to respond to the demands made upon him as treasurer of the borough. An overdraft on a bank is in the nature of a loan, not made in a creditable way, and is regarded with

scant favor. *Peterson vs. Bank*, 52 Pa. 206. This overdraft being then in the nature of a loan, to whom was it made? The bank sets up the claim that it was made to the borough; but how could that be? The borough authorities made no application for a loan, and authorized none to be made. Obtaining funds by means of an overdraft was manifestly the act of Williams for his own relief. As custodian of the borough funds he was undoubtedly short; and, as cashier of the bank, he evidently created an overdraft in order to relieve himself in his capacity as treasurer.

EFFECT OF CONDITION AUTHORIZING OTHER PARTY TO EXTEND NOTE

DESTROYS NEGOTIABILITY.

Supreme Court of Kansas, March 11, 1911.

ROSSVILLE STATE BANK VS. HESLET

A promissory note, otherwise in negotiable form, contained the following provision:

"The makers and indorsers of this note hereby severally waive presentment for payment, notice of payment, protest and notice of protest, and all exemption that may be allowed by law, and valuation and appraisal laws waived, and each signer and indorser makes the other an agent to extend the time of this note." *Held* that the note was not a negotiable instrument.

THIS was an action upon a promissory note, payable to the order of J. M. Heslet, on January 1, 1909, containing the following clause: "The makers and indorsers of this note hereby severally waive presentment for payment, notice of payment, protest and notice of protest, and all exemption that may be allowed by law, and valuation and appraisal laws waived, and each signer and indorser makes the other an agent to extend the time of this note."

The question for decision was whether the note was a negotiable instrument.

In the course of the opinion the court said: "The vice of the stipulation in question is that the day of pay-

ment cannot be determined. The signer (maker) and indorsers may, at any time they see fit to do so, as agents one for another, extend the time for payment by agreement with the holder. The payee in transferring the note may become an indorser, and therefore an agent for the maker, and his indorsee may in turn become an indorser with like power, so that the time of maturity must be indefinite, and not determinable from the instrument. As stated in *Coffin vs. Spencer* (C. C.) 39 Fed. 262, also cited in the *Gunter Case*: "Every successive taker of the paper is, of course, bound to take notice of the stipulation, and, instead of looking only to the face of the instrument for the time of its maturity, as in the case of commercial paper he must, is put upon inquiry whether or not any agreement for a renewal or extension of time has been made by his proposed assignor or by any previous holder."

The plaintiff calls attention to the statute declaring that the negotiable character of an instrument is not affected by a provision which "waives the benefit of any law intended for the advantage or protection of the obligor." (Neg. Inst. L. § 12 [Gen. St. 1909, § 5258]). By applying this waiver to subdivision 6 of section 127 of the same statute (Gen. St. 1909, § 5373), providing for the release of parties secondarily liable, by extensions given without their consent, it is argued that the maker is bound. These provisions are not novelties in commercial law.

But the plaintiff's contention overlooks the fact that the question to be determined in this case is whether the instrument is a promissory note, and this depends on whether it has the element of certainty in time of payment necessary in commercial paper. It is not a question of the waiver of the right of an obligor upon a negotiable instrument, to be released by an extension of time given without his consent, but whether there is such an instrument. Simple contracts, although for the payment of money, cannot be transformed into commercial paper by mere waiver."

NOTES ON CANADIAN CASES AFFECTING BANKERS

(Edited by John Jennings, B.A., LL.B., Barrister, Toronto)

NO RECOVERY ON AN INCOMPLETE PROMISSORY NOTE

PROMISSORY NOTE—INCOMPLETE INSTRUMENT—DELIVERY—HOLDER IN DUE COURSE—BILLS OF EXCHANGE ACT, SECS. 31, 32—FRAUD—SUSPICION—DUTY TO INQUIRE—RATIFICATION—ESTOPPEL.

THIS is an appeal from the trial judgment dismissing the claim of the plaintiffs who were private bankers to recover the sum of \$1,004.98 upon a promissory note signed by the defendant and given by him to one John Thompson, by whom it was endorsed over to the plaintiffs. A summary of the facts as found by the trial judge is as follows:

The defendant resided in Newmarket and was well acquainted with Thompson, who was a builder and contractor in Fort William, and who persuaded the defendant to purchase property in Fort William. The defendant then handed Thompson a blank promissory note form signed by him, telling him to hold it until he (the defendant) saw whether he would have sufficient money to complete repairs to the property, and if he found he had not he would write up to Thompson, telling him to fill in and negotiate the note and go ahead with the repairs. Without waiting to hear from the defendant, Thompson fraudulently filled up the note for \$1,000, payable on demand, and handed it to the Union Bank as collateral security for his own debt. Later on he opened an account with the plaintiffs and they paid a comparatively small sum to the Union Bank to satisfy Thompson's indebtedness and obtained from them the note sued on. The circumstances in connection with this matter were such as by the trial judge were found to create in the minds of the plaintiffs a suspicion as to the bona fides of the note in question.

JUDGMENT (Sir CHAS. MOSS, C.J.O.; MACLAREN, MEREDITH and MAGEE, J.J.A.): The first question to be considered is whether this case falls with-

in Sec. 31 of the Bills of Exchange Act, which provides, "That where a simple signature on a blank paper is completed by the signer in order that it may be converted into a bill, it operates as prima facie authority to fill it up as a complete bill for any amount."

The trial judge held, on the facts stated, that the defendant had delivered the note to Thompson merely as a custodian and not to "be converted into a note," and that, therefore, Sec. 31 of the Bills of Exchange Act did not apply. The appellate court agreed with the trial judge that the circumstances in evidence showed that the note in question was not brought within Sec. 31; that Thompson was a mere custodian and had no authority to deal in the note at all until he received express instructions to do so from the defendant. They further referred to Sec. 39 of the Bills of Exchange Act, which provides, that every contract on a bill is incomplete and revocable until delivery of the instrument in order to give effect thereto and found that there had been no delivery of the note in question within the meaning of Sec. 39.

It was argued that the plaintiffs could recover as holders in due course under the proviso of Sec. 32 to the effect that, "if any such instrument, after completion, is negotiated to a holder in due course it shall be valid and effectual for all purposes in his hands and he may enforce it as if it had been filled up within reasonable time and strictly in accordance with the authority given." It is to be observed that this applies only to such an instrument as is mentioned in Sec. 31, that is, one which has been delivered by the signer in order that it may be converted into a bill. It could not therefore apply when an instrument is delivered merely to be held to a custodian until further instructions were given.

It was also argued that the defendant was liable on the ground of ratification. This was based solely upon the statement in the defendant's evidence that when Thompson came to Newmar-

ket after the defendant had received the letter from the plaintiffs and the notice of protest, Thompson informed him that he had filled up the note for \$1,000 and that he had paid \$600 on it and would pay the balance. The defendant says that he did nothing then, as there was nothing he could do. This falls far short of a ratification, even if a forgery such as this could be ratified.

It was further claimed that the defendant was liable on the ground of estoppel for not notifying the plaintiffs that the note was a forgery when he received the notice of protest. The facts here are very different from the leading case on this subject of *Ewing vs. Dominion Bank*, 35 S. C. R., 133. The notice of protest was received about November 14, whereas the evidence showed that the plaintiffs paid Thompson nothing after May 18 and closed their account with him on June 30, months before the defendant received any notice of the note in question; and there is no evidence or suggestion that the plaintiffs could have suffered any loss between the time that the defendant became aware of the existence of the note and the time of their bringing the action and becoming aware of the forgery. It was further urged that owing to the fact that they did not receive the note direct from the pledger but through the Union Bank of Canada who had no suspicion of the irregularity in the note and who, it was urged, were holders in due course; but it follows from the previous part of the judgment that it is only such an instrument as has been duly delivered to be converted into a note that is validated as a note by passing through the hands of a holder in due course. Under Sections 56 and 58 of the Act the onus of establishing in this case that the Union Bank were holders in due course was upon the plaintiffs, and they submitted no evidence whatever as to how or when the Union Bank acquired the note, whether it was complete or regular on its face when taken by the bank, whether the bank gave value for it in good faith, or that it had or had not

notice of the defect in Thompson's title.

Therefore, upon the evidence it cannot be contended that the Union Bank were proven to have been holders in due course.

For the reasons given, the appeal was dismissed with costs, *MEREDITH, J.A.*, dissenting.

DRAWER OF CHECK DISCHARGED BY WHATEVER HOLDER ACCEPTS

BANKS AND BANKING—CHECK—MARKING "GOOD" BY BANK—EFFECT OF, WHEN PAYMENT NOT DEMANDED—DISCHARGE OF DRAWER—PAYMENT BY CHECK COUPLED WITH RECEIPT—BILLS OF EXCHANGE ACT, SEC. 166.

Action by the plaintiffs against Johnstone J. McFaddin, formerly their collector of taxes, and Robert Foster, his fellow-bondsman, for the recovery of \$2,370.14, alleged to be due the plaintiffs for moneys collected by the said McFaddin.

JUDGMENT (*LATCHFORD, J.*): This action arises out of the suspension of payment by the Farmers Bank on December 19, 1910. It is brought by the township of Wellesley against Johnstone J. McFaddin, the collector of taxes for part of the township, duly appointed by law on August 1, 1910, at a salary of thirty-two dollars, and against one Foster, who on October 3, jointly with McFaddin, executed a bond to the township, conditioned that McFaddin should duly collect the taxes and "pay over or cause to be paid over all moneys he may collect to the treasurer of the said township on or before December 14, 1910, or sooner if required by the treasurer to meet the obligations of the municipality." The statement of claim sets forth the delivery to McFaddin of the collector's roll for the southwestern portion of the township on October 3,—in fact, he received it on the sixth,—that he subsequently collected all the taxes levied except two dollars and eleven cents, which he returned as uncollectable, and that he did not pay the sums so col-

lected to the plaintiffs before December 14, as required by the terms of the bond. The action is not otherwise based upon the bond. It is not brought for the penalty, nor, except as stated, does it assign any breach of the condition. (As to the proper course in an action upon a bond, see *Star Life Society vs. Southgate*, 18 P. R. 151.) The defendant admittedly paid over all the taxes he collected, except \$2,368.03, represented by a check upon his special account as collector in the agency of the Farmers Bank at Millbank, where he resided. This check, with other checks and some cash, he handed to Herie, the township treasurer, at Crosshill, on December 15, at the statutory meeting of the township council for that month, and was given the following receipt:

\$5,088.51 Crosshill, Dec. 15, 1910.
Received from J. J. McFaddin five thousand and eighty-eight 51-100 dollars taxes.
(Sgd.) V. Herie.

The statement of claim sets forth that this check was deposited by the treasurer "in the Standard Bank of Canada, St. Clements Branch, but the said Standard Bank of Canada subsequently charged the account of the corporation of Wellesley with \$2,368.03, alleging that the check . . . had not been paid"; and the plaintiffs claim they have not yet received the \$2,368.03. A claim for the two dollars and eleven cents as uncollectable was also made, but it was abandoned at the trial.

The defense is that the check was accepted by the plaintiffs in payment of part of the taxes collected, and was in fact payment pro tanto of such taxes.

There is no material dispute as to the facts. McFaddin could not have collected and paid over the moneys on the fourteenth, as the plaintiffs had by resolution extended to the fifteenth the time for payment of the taxes by the ratepayers. Nothing, therefore, turns on the fact that the amount covered by the receipt was not handed over until the fifteenth. Herie, after the meeting of the council, returned to his

home near St. Clements, and the same evening between nine and ten deposited to the credit of the township with the Standard Bank, St. Clements, the money and checks which he had received from McFaddin, and the other collectors of taxes. The check in question, and no doubt the other checks deposited, he endorsed "Victor Herie, Treasurer." The acting manager entered in the township's bank pass-book the amounts stated to him by the treasurer to have been received from each collector, and delivered the pass-book the same evening to Herie. The entry covering what was received by the treasurer from McFaddin is as follows: "1910. Dec. 15. J. J. McFaddin, \$5,088.51." Credit for the deposit was duly given next morning in the township's account in the bank ledger. In what is known as the Sundry Banks Cash Remittance Ledger entries were made which, so far as material, are as follows:

No. 102. When cashed—Dec. 16: For whom cashed—V. Herie, Treasurer: Where payable—Millbank: Drawer—J. J. McFaddin, collector. On the same day (Dec. 16) the acting manager wrote to the Farmers Bank at Millbank, enclosing the check for \$2,368.03, having first endorsed it, "Pay to the order of any bank or banker. The Standard Bank of Canada, St. Clements, Ontario." The latter covering the check sets forth that the check is enclosed "for collection and remittance," and proceeds: "Kindly remit at par. We cashed (scil. 'it') without charge on that understanding." St. Clements is west of Crosshill, about four miles, and Crosshill is five or six miles west of Millbank. There is but one mail out of St. Clements daily, leaving at 6 a. m., and letters for Millbank do not go directly from one village to the other. The letter from the Standard Bank, posted on the sixteenth, left St. Clements on the morning of the seventeenth, and was received by the manager of the Farmers Bank at Millbank between eight and nine o'clock in the evening of the same day. The eighteenth fell on Sunday. When

the bank opened on Monday morning the check was charged against McFaddin's account as collector—he had two other accounts with the bank—and stamped "Paid. Dec. 19, 1910. Farmers Bank of Canada, Millbank, Ont." Although the Farmers Bank was unable, at noon of the same day, to meet its obligations in the clearing house, Toronto, the evidence is undisputed that at any hour up to three p. m. of the nineteenth the branch at Millbank would, if the check had been there presented, have paid it in cash, or if so desired, would have forwarded the cash by mail or express to the Standard Bank at St. Clements. But the Millbank agency of the Farmers Bank followed in remitting, as the bank at St. Clements intended it should, the ordinary mode of settling clearances between branch banks, and issued the following draft:

Bank Settlement Draft.

The Farmer's Bank of Canada—No. 54697.
Millbank, Ont., Dec. 19, 1910.

Pay to the order of the Standard Bank of Canada, St. Clements, \$2,368.03. Twenty-three hundred and sixty-eight 03/100 dollars.

(Sgd.) D. E. Mills, Manager.

(Sgd.) J. F. Mackay, Accountant.

The Farmers' Bank of Canada,
Toronto, Ont.

The draft is endorsed, "In payment of your S. B. (Sundry Banks), No. 102." A letter covering was posted about three p. m., addressed to the Standard Bank, St. Clements, where it was received on the evening of the twentieth, more than twenty-four hours after the Farmers Bank had suspended payment. It was never presented for payment, and if presented it would not have been honored. Until made an exhibit in this action, it was held by the Standard Bank and is still the property of that bank. No claim appears by the evidence to have been made upon the draft by the holders against the liquidator of the Farmers Bank. But the draft upon its face represents an indebtedness of the one bank to the other arising when the draft was issued as endorsed, "In payment of your S. B., 102." The obligation under it

is manifestly not affected by the fact that on Dec. 23, the Standard Bank assumed to debit the plaintiffs' account with the amount of the settlement draft.

The case is not one in which a check was received that was afterwards dishonored, and in which accordingly the amount for which the check was drawn could be recovered as upon a consideration which has wholly failed. There had been many dealings between the township and McFaddin, and the latter's check was treated by Herie as cash and receipted for as cash. Payment by check coupled with a receipt has been held to be evidence of payment without proof that the check was honored. (*Carmarthen and Cardigan R. W. Co. vs. Manchester and Milford R. W. Co.*, L. R. 8 C. P. 685.) But McFaddin's check was in fact honored. It was paid in the way the Standard Bank desired, and this bank was either the purchaser of the check, in which case the plaintiffs are out of court, or, to put the matter on the highest ground on which it can be put in the plaintiffs' interest, the Standard Bank was the agent of the plaintiffs to collect the amount of the check by presenting it for payment. Whether as holder for value or agent, the duty of the bank was to present the check for payment within a reasonable time of its issue. Otherwise the drawer is discharged. (*Bills of Exchange Act*, R. S. C. ch. 119, sec. 166.) The check was presented within a reasonable time, but not for payment—except in so far as the defendant McFaddin was concerned—and the payment contemplated by the statute is clearly payment to the check's lawful holder. If the holder chooses instead of currency to take a more convenient medium of exchange—in this case a bank settlement draft—he does so with the same risk as a holder takes who, instead of presenting a check for payment, presents it to be marked "good" or "accepted." In *Boyd vs. Nasmith*, 17 O. R. 40, the payees of a check in due time presented it to the bank on which it was drawn, and asked to have it marked "good."

They might, if they desired, have had it paid. The check was marked good, and charged against the drawer's account. On the evening of the same day the bank suspended payment. The holders of the check then brought suit against the drawer. In delivering a considered judgment, STREET, J., who tried the action, says (p. 41): "The payee had no right as between himself and the drawer, to present the check for any other purpose than payment . . . He chose . . . instead of payment to take the banker's undertaking to pay upon a further presentation." The action was dismissed. On appeal, GALT, C.J., stated that if a holder instead of demanding payment obtains a certificate, he elects to give credit to the bank and not to the drawer.

The words of MACMAHON, J. (at p. 49), are very much in point: "When a check is presented at the bank upon which it is drawn, it is presented for payment; but if the holder accepts something else from the bank in substitution for payment, he does so at his peril, for he discharges the drawer."

The recent judgment of my brother CLUTE in *John vs. Standard Bank of Canada*, ante 910, is to the same effect.

As the Standard Bank at St. Clements presented McFaddin's check for "collection and remittance," not for payment, and it was in fact collected from McFaddin when charged to his account, and remitted in the way usual in such cases, the drawer of the check was thereby discharged.

The action fails and is dismissed with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

SECURITIES NEED NOT BE PLEGDED IN WRITING

SHEROYGAN, Wis., June 25, 1911.

Editor Bankers Magazine:

SIR: I would appreciate your answer to the following: In making a loan secured by collateral we use an ordinary promissory note without any notation on the note to indicate that it is secured by collateral. Are we perfectly safe in so doing and is our lien on the collateral equally as strong as it would be under a regular collateral form of note?

We occasionally accept renewals of such notes, again using the same form of note. Will the collateral apply to renewals as well as to the original note without any question?

Yours very truly,

J. W. HANSEN, *Cashier.*

Answer: (1) It is not essential to the validity of a pledge of securities that it should be evidenced by any writings, but a writing is always desirable as evidence of the agreement of the parties, and to prevent misunderstandings. For example: In case a borrower should die, and a dispute should arise between the bank and the executor, the bank might be placed at a great disadvantage in asserting its

claim by reason of the rule which, in some States, would disqualify the officers of the bank from testifying to personal transactions with the decedent. Then, a question might arise as to the mode in which the stock should be sold, and as to whether the bank itself could be a purchaser at the sale; and matters of this character cannot safely be left to be proved by oral testimony, but should be clearly set forth in some writing, signed by the pledgor. (2) The collateral would apply to the renewal note according to the terms of the original agreement, unless some new agreement was made.

JOINT MAKER SIGNING AFTER DISCOUNT

CHICAGO, ILL., June 12, 1911.

Editor Bankers Magazine:

SIR: We are advised that in Illinois an accommodation maker cannot be held on a note unless he signed before delivery. Is this true and is it true of any other State?

To express it differently. If Jones comes to us and wants to borrow \$500 and tells us that Smith will come in afterward

and sign, and we take his word for this and advance him the money, then Smith cannot be held, even though he did come in afterward and before maturity and affixed his name as a joint maker.

In a similar case, Jones and Smith owe us \$500. Jones comes in and asks to renew, makes new note, pays the interest and leaves both new and old note until Smith comes in and signs. We take the new note through our books as though signed. Smith comes in afterward and signs and the old note is delivered to him. If Smith is not liable in the first case stated, is he in this last?

Answer: We do not find that in this matter the law of Illinois is different from that which prevails in other States. If a bank should discount a note without any understanding that

other persons should sign the same, and then some other person should put his signature thereon, very plainly there would be no consideration for that signature, and hence the bank could not hold that person liable upon the instrument.

But if the discount was made with the understanding that the note should be signed by another person, then there would be such a consideration, and the fact that the signature was not actually made until after the bank had advanced the money on the note would be immaterial.

We think, therefore, that in both cases stated in the inquiry, Smith would be liable to the bank.

APPLICATION OF MODERN COMMERCIAL METHODS TO THE THRESHERMEN'S BUSINESS

By F. A. Freeman, Cashier Lumbermen's National Bank, Portland, Oregon

ORGANIZATION and concentration of energy are the basis on which every large, modern business enterprise is founded, and make necessary such associations as that of the Oregon State Threshermen, not only for reason of protection against outside forces of mutual contact, but to eliminate unwise and unnecessary sacrifices of the members as against one another, as well as to establish in the community that respect for its importance that is the due of any established and well regulated business.

Threshermen of this State have an estimated total investment in threshing equipment aggregating more than three and one-half million dollars, basing the estimate on twelve hundred known outfits at an average cost of three thousand dollars. These are very respectable figures, well understood by manufacturers of threshing machinery, but I am inclined to believe they are not appreciated by the threshermen themselves. The Oregon threshermen have at command the means for making their industry highly substantial and much more profitable through this association by close co-operation and the adoption of modern commercial methods.

In the first place every thresherman should open a set of books, keeping strict account of the cost of equipment, repairs, operating, labor, interest, charges, insurance, depreciation, etc. These figures serve a twofold purpose: to enable him to regulate

his prices for profit and to borrow on occasion at his bank.

There is nothing that a banker enjoys so much as to have a man who knows his business sit down and tell how he makes money and present figures to prove it. The thresherman of good reputation who can present a statement of solvent condition and who knows how many days, with a certain number of men, at a fixed schedule of pay, it will take to thresh a particular stand of wheat; how much it will cost to feed them; how many gallons of oil, and what kind of oil gives the best results; with an insurance policy covering his fire risk, and who keeps himself protected against employer's liability, need never worry about his payroll.

OPERATING EXPENSES.

Threshing, with the growth of the grain business in the Pacific Northwest, has become an important industry through the natural process of evolution. Operating expense has increased heavily, but it is doubtful if income has correspondingly increased.

Formerly the farmer's wife furnished and cooked the food for the threshing crew; the farmer and his hired man helped stack the straw, furnished all the grain for the horses with the outfit, and lent assistance generally. Now, many of the threshermen carry a cook wagon with a cook and a helper, furnish the provisions and the utensils to prepare them, stack the straw and

pay the market price for anything their outfits consume.

I wonder if prices have been regulated to cover this change in operating expense. (The threshermen's books should show.) True, certain economies have been effected by more modern equipment—the traction engine, that also furnishes motive power, the self-stacker, etc. But are these economies sufficient to offset the greatly increased cost of labor? The books should tell.

Conditions that exist in other lines of industry in the West calling for more detail, more energy, more modern methods, obtain in the business of the threshermen, and to produce the best results it should be put upon a firm commercial basis.

A credit standing at the bank is essential to the best success of any business man. The thresherman, like the merchant, the manufacturer, the contractor, the business man, in whatever line he may be engaged, should render statements of his financial condition to his bank at regular periods, particularly just prior to beginning the threshing season, and again at the close.

INFORMATION FILES.

Every properly equipped bank of to-day keeps a file of credit information regarding its borrowers and future possible applicants for loans. The old time method of granting loans by instinct or general knowledge of the applicant has been superceded by reference to the credit file, where carefully compiled information regarding the character, ability and financial condition of the bank's clients is kept. With two or three statements in the hands of the banker, showing by comparison that he is making headway, the thresherman may feel assured of the assistance of his bank. Facts, supported by figures, are far more valuable to the banker than general results. Progress is what he desires to see. An account that stands still, that does not show headway, is classed as undesirable and is apt to be displaced by some other more successfully managed for reason of the excessive demand over the supply of money, which is generally the case in new communities undergoing development.

Prime requisites in the granting of credit from the standpoint of the banker are the earning ability of the borrower and his ability to pay.

No man makes the best success in business unless he knows how to figure the cost of doing business, which, added to interest on his investment and a certain amount for depreciation, must determine the prices he must obtain for a profit.

DEPRECIATION OF MACHINERY.

There is a very general impression that threshermen as a class do not enjoy the profit and success consistent with their large investment and the energy exerted. There

is no question of doubt that a great many outfits, although apparently ahead in dollars and cents at the end of the season, have operated at a loss when depreciation and the value of the owner's time are figured in. Frequently these simple facts are not realized until the outfit has passed its age of usefulness and has to be discarded. No piece of machinery in operation is worth as much as it was in the salesroom. The personal equation has much to do with the rate of depreciation and it will vary as widely as men are different. One man will take particular care of his outfit, both in the field and in the shed, and another will neglect it constantly. The man who does not take care of his machinery ought not to be in the business, for he won't succeed. He may delude himself into believing he is making money, but a balance sheet and a pencil will show convincing figures of his error.

The threshing business will never be on the substantial basis that such an investment warrants until every thresherman can figure the cost of operation and holds out for a fair profit.

Professor J. A. Bexell, dean of the School of Commerce department of the Oregon Agricultural College at Corvallis, has written a text book on the subject of "Farm Accounting and Business Methods," which deals with this subject in a thorough and comprehensive manner. He has also prepared a set of accounting forms specially adapted to agricultural work, with a view to making the bookkeeping as simple and easy as possible. He will be pleased to answer any inquiries directed to him.

HOW THE BANKS HELP.

With ability to borrow at his bank, no threshedman ought ever purchase an outfit giving his eight or ten per cent. note in part payment. Cash to the implement house commands a discount of easily ten per cent. and as much more as may be agreed upon. A manufacturer not in the constant close contact with his customer that is possible for the local bank, figures a certain percentage of possible loss on time sales and regulates his prices accordingly. A substantial discount for cash will cheerfully be granted on an outfit by any implement house.

Co-operation of the members of this association may be made to accomplish much in economies and profits as well as in protective measures. Much might be done in the matter of prices and collections. As regards prices, that appears to be very much a matter of individual judgment and a verbal agreement between the grower and the thresherman. As to collections, that is a very indefinite matter, often resting upon when the farmer sells his wheat.

Now why should you permit such a condition to exist? The farmer receives cash on delivery for his wheat. Why not pay

cash for his threshing? Why not adopt a uniform contract to be signed by both parties for threshing at an agreed rate per bushel, any services rendered by the farmer to be stipulated and compensation agreed upon, time of payment provided for in cash, interest required at a fixed rate, if not paid within the specified time?

A feature of the threshermen's business that appears highly inconsistent to me is the seeming indifference to fire risk. Insurance people generally look upon a threshing outfit as a very undesirable risk, in fact, few companies will place insurance of that character and as a rule the thresherman ignores the situation and takes his chances. Now, any other line of business would look upon insurance as a necessity and would demand a hearing upon the subject and get

it from the insurance companies. Why should not every outfit be equipped with fire extinguishers and such other apparatus as would assist in preventing disastrous fires? This would have a beneficial influence on the rate and the general attitude of the companies. Every operator should carry insurance on his equipment, not only for his own protection, but to strengthen his credit standing, and I am sure something may be accomplished to improve the existing conditions.

The fact that insurance while operating may be so high as to be considered prohibitory is certainly no reason why it should not be carried when the machinery is idle, and the risk being considered undesirable by the insurance companies, is all the more reason why it should be obtained.

N. P. GATLING RETIRES AS SECRETARY OF THE VIRGINIA BANKERS' ASSOCIATION

PROBABLY no man was ever connected with a State bankers' association whose retirement caused such genuine and widespread regret as was the case of N. P. Gatling, former secretary of the Virginia Bankers' Association, who, at its recent convention, severed his connection with the association, having accepted some time since the position of assistant cashier of the Chatham & Phenix National Bank of New York.

During the second day's session of the convention, in Hot Springs, H. M. Philips, cashier of the Peninsular Bank of Williamsburg, Va., was recognized by the president, and presented Mr. Gatling, on behalf of the association, with a handsome silver bowl. It bears the following inscription:

*Presented
to
Norborne Pescud Gatling
by the
Virginia Bankers' Association
as a token of esteem
and in appreciation
of his services as Secretary
1902-1911.*

Mr. Gatling, in receiving the cup, spoke as follows:

"Mr. Philips, Mr. President and my good friends: The happy surprise of this occasion deprives me of suitable words to thank you for this beautiful gift.

"While I appreciate more than human words can express this beautiful tribute, I appreciate far more, and am a great deal more proud of this token, on account of the personal esteem which the members of the Virginia Bankers' Association have manifested through this gift.

"I shall hold it as a priceless possession

and lasting memento of the friendships which I have made in the Virginia Bankers' Association, and which, as long as I live, will be among my happiest recollections. I thank you."

A glowing tribute was paid Mr. Gatling



NORBORNE P. GATLING

ASSISTANT CASHIER CHATHAM & PHENIX
NATIONAL BANK OF NEW YORK.

by John P. Branch, now in his eightieth year and president of the Merchants National Bank of Richmond since its organization. Rising to speak at the banquet, Mr. Branch said:

"Mr. Toastmaster, ladies and gentlemen: I am most happy to be with you on this occasion. I am thrice happy to be here and see at this board the charming and beautiful wives and daughters of those upon whom the great trust has laid of looking after the finances of state.

"I feel, sir, that there is only one sorrow within my heart, and that is that we are about to part with our friend, Mr. N. P. Gatling, who has stayed by us—no, sir, not stayed by us, but has stayed in front and

led the van, and has made this association what it is. He has trebled our number; he has not only trebled our number, but he has brought reputation upon this association. Yes, sir, we will miss him more tomorrow, and more the next day, and every week thereafter, and what can we do for him?

"He has decided to make another State his home. It will be our loss, but his gain, but what can we do for him? We can hold up his hands and help him by giving him the support of the Virginia banks (for he has become an officer of the Chatham & Phenix National Bank of New York), and not have him say that he is sorry that he went away."

SAFE DEPOSIT

DEVELOPMENT OF A SPECIALIZED BANK EQUIPMENT SERVICE

APPORTIONING NEW OR REMODELED BANKING OFFICES TO FACILITATE THE WORK OF THE BANK AND ACCOMMODATE THE PUBLIC

By Thomas Bruce Boyd, Bank Equipment Specialist

Bankers who realize the importance of securing the best possible arrangement of their banking rooms should not fail to read the following article written specially for THE BANKERS MAGAZINE by Thomas Bruce Boyd, bank equipment specialist. Mr. Boyd has been employed by some of the largest banks in the country to systematize and lay out their banking rooms. What he has to say is spoken with an authority based on many years' experience in the profession of which he is one of the recognized leaders.—[EDITOR.]

THE first and most important consideration of a bank building is the interior arrangement, for it is there that the business is transacted and the public served. The interior should be designed with a view to many things—economy of space, natural growth, future changes, systematizing of various departments, the correct design of counters, technical and administrative equipment, and the simplifying of the work, thereby diminishing the expense of operation.

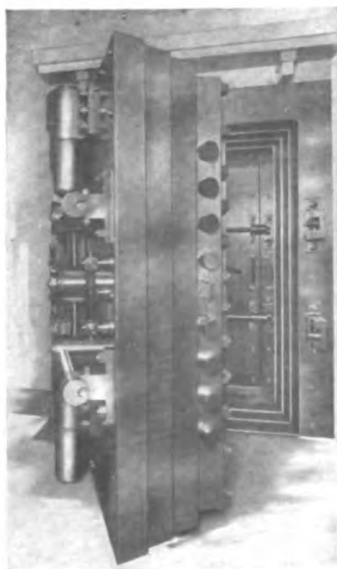
This should all be accomplished without any sacrifice to the architectural beauty planned by the architect. This can be done only through the advice and supervision of a bank equipment specialist, for each bank is an individualized study.

The banking room constructed without expert advice embraces many conditions not

conducive to the best results. The blame does not lie with the architect. He has probably done his part well and given full value, but he is not a bank equipment specialist, and does not pretend to be. Hence it often happens a specialist is called in to remodel and reorganize a bank architecturally faultless, and finds the interior mechanism running anything but smoothly. The work passes unnecessarily through many hands, and effort is being duplicated. There is a superfluity of clerical force, and unnecessary expenditure of effort to handle the routine. Valuable space is not utilized to the best advantage. Departments that ought to be close together are separated and vice versa.

The specialist has these and many other vital points reduced to a science, so that when his service is finished, not only is

A Reign



of Crime

THE newspapers have been saying a good deal lately about the prevalence of crimes of violence — especially robberies, holdups and burglaries.

There are such things as epidemics of crime, and I venture to assert that we are about due for a lot of bank burglaries throughout the country.

My reason for this somewhat alarming statement —

The crooks, of whom there are a large number outside of the penitentiaries, will some day “get on to the fact” that the average bank vault is a joke as far as its vaunted “impenetrability” is concerned.

My years of factory experience have convinced me that here there is a wide and fertile field for successful burglarious operations, to say nothing of the golden opportunities afforded mobs.

I *know* that the vast majority of the banks of this country are not doing the best they can and ought to do in the matter of vault protection.

I would like to consult with every banker who is considering the vault question.

I can save you money and get results for you out of all proportion to the cost of my service.

FREDERICK S. HOLMES

BANK VAULT SPECIALIST

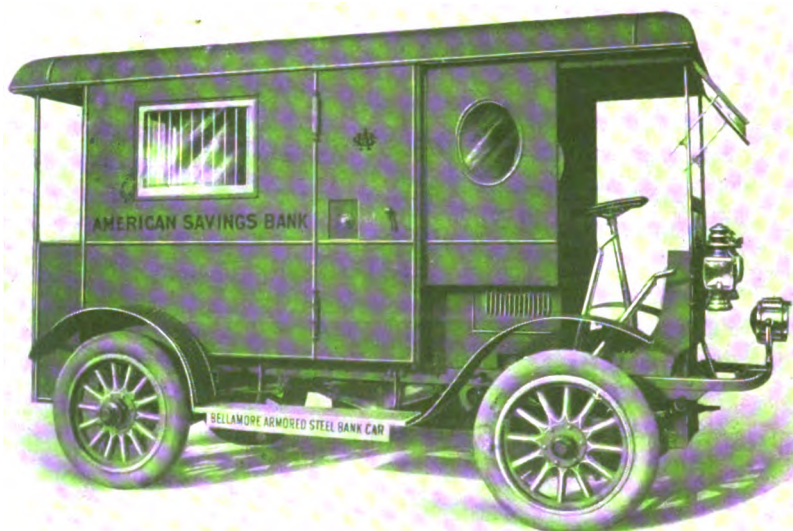
No. 2 RECTOR STREET, NEW YORK CITY

Bellamore

Armored Steel Bank Car

A BANK ON WHEELS

Brings to the door of every depositor all the conveniences of a bank. NO RISK for money and securities in transit



Armored Steel Motor Bank Car Type 11 VC. Side View

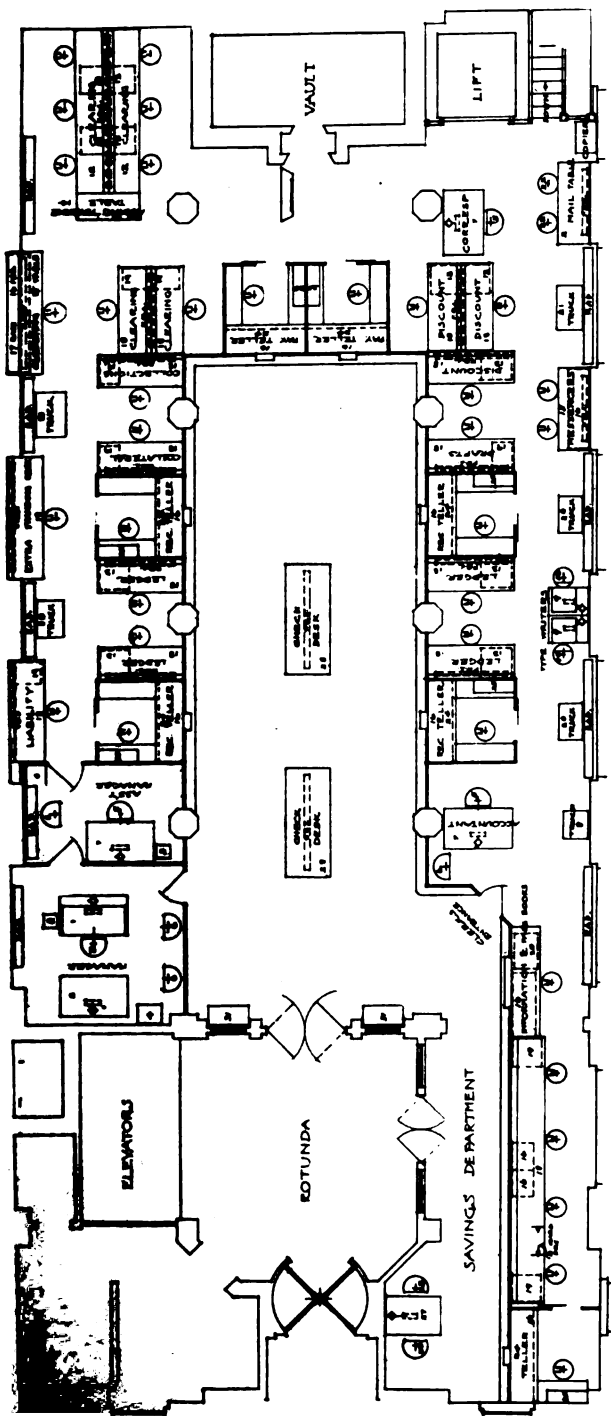
Amongst the many uses of the Bellamore Armored Steel Bank Car are the following:

- The collection of heavy deposits.**
- The delivery of pay-roll-money to factories.**
- The delivery of large sums of money to customers.**
- The transportation of bullion.**
- The carrying of money and securities between branch institutions.**
- The collection and delivery of valuables for safe deposit.**

Descriptive booklet and prices on application.

Bellamore Armored Car & Equipment Company

286 FIFTH AVENUE, NEW YORK



PLAN OF BANKING ROOM
SCALE 1/4" = 1'-0"
THE STANDARD BANK OF CANADA
TORONTO ONTARIO

DARLING & PEARSON
ARCHITECTS

THOMAS BRUCE BOYD
ARCHITECT
140 WEST 42ND STREET
NEW YORK

THOMAS BRUCE BOYD
ARCHITECT
140 WEST 42ND STREET
NEW YORK



FLOOR PLAN OF THE STANDARD BANK OF CANADA, ARRANGED BY THOMAS BRUCE BOYD

labor reduced and methods simplified, but the arrangement allows the bank to carry on the work at a minimum of expense.

In fact, a bank building ought to be built around a good workshop—not a workshop constructed within a bank building, and if the banker and building committee would realize that a competent bank specialist is as necessary as a good architect, and call him in in consultation in the beginning, much trouble, worry and expense would be saved, and the result would be an archi-

Trust Company, Emigrants' Industrial Savings Bank, Williamsburg Savings Bank, People's Trust Company, Brooklyn, New York; Savings Bank of Danbury, Danbury, Conn.; Traders' National Bank, Scranton, Pa.; Whitney Central National Bank, New Orleans, La.; Metropolitan Bank, New Orleans, La.; The Bank of Commerce & Industry, Mexico City, and the Curtis Publishing Company of Philadelphia.

He is at present associated with Messrs. Trowbridge and Livingston, the architects for the new building of the Bankers' Trust Company, New York city, to lay out and advise on the technical and administrative equipment. This same service was recently performed for the Manhattan Trust Company, New York, and the Markle Banking & Trust Company of Hazelton, Pa.

Mr. Boyd's treatment of the remodeled banking room of the Fourth National Bank of New York is a splendid example of his work and skill, and has called forth much favorable comment. He is also preparing plans and specifications for the Guaranty Trust Co. of New York; Marine National Bank of Buffalo, N. Y.; Essex County National Bank, Newark, N. J., and Second National Bank, Boston.



PHOTO BY OLIVER LIPPINCOTT, N. Y.

THOMAS BRUCE BOYD
BANK EQUIPMENT SPECIALIST

Thomas Bruce Boyd, whose portrait is here reproduced, is quite well-known throughout the Eastern States. He has devoted many years of his life to the study of bank equipment.

As a young man Mr. Boyd was brought in touch with the designing and detailing of metal and wood furniture for offices, banks and other buildings, and for a number of years he was associated with the Library Bureau as their bank specialist.

This corporation was quick to recognize the genius of Mr. Boyd in the study of bank requirements. The greatest efficiency for the clerical force, the economy of space, and the architectural and artistic taste displayed in his work have marked him as one who should specialize in bank work, and, as the Library Bureau's representative his talents have had full play in some of the most important of its contracts. Among them the following might be mentioned: The National City Bank, the Knickerbocker

tecturally beautiful building, with a well-balanced mechanism running smoothly and expeditiously.

Let it be understood that the bank equipment specialist does not in any way conflict with the architect, and a competent architect is always necessary. The specialist collaborates with him, and by relieving him of the many vital details of the administrative equipment and arrangement enables the architect to give his best thought and effort to the general design.

The judicious choice of bank furniture is a trying problem and one that is most important. The reason the majority of banks have not a well constructed machine to handle the routine work is primarily because the fault—unintentional though it is—lies with the banker who invites competition upon a general basis only, and then is forced to decide upon details of construction, with which he is unfamiliar, both as to design and operation.

There are a number of manufacturers claiming to specialize in bank equipment, each recommending different devices and preparing drawings, which are nothing more than pictures, and which do not show construction, each claiming to be the only right builder, and giving plausible reasons why his product should be used. The banker is at a disadvantage for he must base his decision on the conflicting statements of the competing firms, and will probably decide in favor of the most plausible salesman. The chances are that this smooth-tongued salesman does not know anything about construction or the methods of running a modern bank.

The actual truth is there are many manufacturers in this country equally competent to build a first-class equipment on the plans and specification of a bank equipment specialist, and he calls these different manufacturers in real competition on the same

plans. Now, with his years of experience and having only the banker's interests at heart, he is competent to choose the best equipment for the least money.

In this age of keen competition, where time is money, and the saving of time in a bank means an up-to-date modern equipment, properly planned, the bank equipment specialist is no longer a luxury; he is a necessity.

WHERE EXTREMES MEET

(By Courtesy of Security Savings Bank, Los Angeles, Cal.)

ONE trait of human nature often observed is the fondness, not to say the affinity, of certain persons for their extreme opposites. Take, for instance, the big watchman who guards the door of the



ON GUARD

grille through which patrons of the Security Safe Deposit Department pass to reach the vault and their boxes within it.

G. W. Snyder, for all his bulk of 304 pounds and his height of six feet six, has a hobby for owning the smallest Chihuahua dogs and likes them less if they exceed one pound in weight. He says the fourteen-ounce, alert creature seen in his lap is a better watchdog than if it weighed a hundred times as much. But then he does not rely on this little fellow to do any of the guarding.

A NOVEL SCHEME

Coupons like this distributed to a selected list of people by The Chehalis National Bank of Chehalis, Wash., brought

FOR VALUE RECEIVED This Coupon and One Dollar

Entitles _____

To Use of Safety Deposit Box to January 1st, 1912.
if Presented Before June 1st, 1911

THE CHEHALIS NATIONAL BANK

good returns. While the idea is not a new one—it has not been often used by those seeking safe deposit box renters.

SUMMER WARNINGS

Advertising Hints and Arguments

SUMMER, the sneak thief's harvest time, is at hand.

Every opened or screened window will be an urgent invitation to the audacious thief to help himself to your valuables.

You will open your windows for the air—and the sneak thief.

It isn't difficult for him to scale a porch and deftly cut a screen—that's a trick of his trade.

And it isn't such a baffling problem for him to find the hiding places of valuables. It's a part of his art to know where to look.

If you play hide and seek with a sneak thief, it's heads he wins, tails you lose.

And if it were not for the strictly private character of his business, he would subscribe largely to a press clipping bureau.

But as it is he does quite well in informing himself when you go on your vacation or close your house for the summer by reading the papers and watching mail accumulate in the mail box. Then he looks at his leisure.

One way only can you surely best the sneak thief.

One way only can you absolutely secure your valuables from fire.

Avail yourself of the impregnable security of our safety deposit vault.

By this inexpensive method you can insure absolute safety for anything you value, because of its money-value, or because of its association and impossibility to replace it.
—Colonial Safe Deposit Company of New York

Let's suppose that a burglar, a high-class cracksmen, got into the National Copper Bank some night, overpowered the guards and had a clear way ahead to break open the safe deposit vaults.

Let's suppose, too, that he had nitroglycerine, dynamite, electric drills and all the other things which safe crackers use.

Let's suppose that he had twenty-four hours to work, unhindered—

Do you know that at the end of that time he wouldn't have made a mark on those vaults and that he could have another whole day to work and still not get into a single box?

Your valuables are safe here—entirely, absolutely and unquestionably safe.—*An ad. of the National Copper Bank of Salt Lake City.*

Have you anything valuable? A mortgage, deed, will, insurance policy, pension paper, stocks, bonds, jewels—things you wouldn't like to lose? Our armor plate safe deposit vaults afford absolute protection for valuables of all kinds—bulky articles as well as papers. Private boxes, \$5 a year up. Trunks, boxes and packages stored by the year or temporarily at very moderate rates.—*The Union Savings Bank, Pittsburgh.*

The fire bell frequently reminds us that some one's property is in danger. Have you taken the precaution to protect your valuables from loss? A safe deposit box provides protection for valuable papers and other personal property which cannot always be replaced. Three dollars per annum and upwards insures absolute security.—*First National Bank, Berkeley, Cal.*

Cash, notes, mortgages, deeds, stocks, bonds and other valuable papers go up in smoke every day because their owners fail to protect them by keeping them in a safe deposit box. Recent fires and burglaries in Englewood emphasize the wisdom of protecting valuable papers, jewels, etc., which can be done by investing \$5 a year in a safe deposit box with the Palisades Trust & Guaranty Company. The vaults of the company are as good as can be made and the boxes are the private property of the renter. Call and see them and be convinced. Property of a resident of New Jersey is subject to an inheritance tax, if at the time of death such property is located in another State. Hence keep your securities at home. Commodious rooms for storage of silverware and other valuables. This department open 8 a. m. to 4.15 p. m.—*Palisades Trust & Guaranty Company, Englewood, New Jersey.*

A BOX RENTER'S QUERY ANSWERED

A RECENT number of *Service*, a house-organ published by the Mississippi Valley Trust Company of St. Louis, contained the following question and answer:

Question: When I rented a safe deposit box in your vaults, I was given two keys and told that no one but myself could get in. Does the company not also have a key and cannot it get in whenever it wants to?

Answer: We wish to answer emphatically that the company does not have a key to your box and cannot enter it. It is true that the vault attendant must put his key in the lock and "set" the box before your key will open it, but this is done solely for your protection. If such a system as this were not used, some one might find or steal your key, and learning your box number, might come to the vault and go to your safe. As it is, your description is taken at the time you rent a box, and unless the attendant is thoroughly satisfied that you are the renter, he will not fix the box so your key will turn it.

The locks to all safe deposit boxes in our vaults are made with five tumblers, all of which must be thrown or the lock will not turn. In "setting" the lock, the attendant's key throws only one tumbler and when this is done, then your key catches the other four tumblers and throws the bolt.

There are only two keys to each lock and both of these are given you at the time you rent your box. If you are wise you will put one of them away carefully for emergency use, and carry the other. If you lose them both, then the only thing to do is to have your box broken open, which will cost you not less than \$2.50, and probably more, depending on the damage. No one could use hammer and chisel in the vault without every one knowing it, and no employee of the company is ever allowed to break a box, even though the renter request it. The procedure is to bring in some outside well-known locksmith and have him break open the box in the presence of the renter and an officer of the company.

PRACTICAL BANKING CONTRIBU- TIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in *THE BANKERS MAGAZINE*.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

FOREIGN BANKING AND FINANCE

EUROPEAN

NEW GOVERNOR OF THE BANK OF ENGLAND

LIKE most of the governors of the Bank of England, the new governor, Mr. A. C. Cole, is more of a merchant than banker. He was, in fact, educated for the bar, to which he was called in 1880, but in the same year entered his father's firm of W. H. Cole & Co. He has been prominent in insurance, and in 1886 was appointed to a seat on the court of the London Assurance

Corporation. Although not a banker, in the strict sense of the term, Mr. Cole has a thorough and practical knowledge of banking and finance, and has had a very wide business experience. He becomes Governor of the Bank of England at the comparatively early age of fifty-six years.

BANKING REGULATIONS IN ENGLAND

RECENT failures of some establishments in London styling themselves "banks," have given rise to proposals for stricter regulation of the banking business in England. That bankers do not take very kindly to these proposals may be inferred from some remarks of Sir Felix Schuster, Bart., Governor of the Union of London and Smith's Bank. Speaking at the dinner of the Association of English Country Bankers and the Central Association of Bankers, in London, Sir Felix said:

"I say safety is our main consideration. In that we compare with two other great industries—the railway or the shipping industries. But there is this great difference—the law has found it necessary to enact certain specified stipulations under which these trades shall be carried on; but so far it has not been found necessary to impose legal stipulations as to the way in which banking business is to be carried on. Well, gentlemen, long let it remain so. As Mr. Cave observed, the less Parliament has to do with banking the better it will be for bankers and the better for the community at large."

This is very different from the policy pursued in the United States, where the banks are not only closely restricted by State and Federal laws, but are under the supervision of public officials who virtually have a hand in the management of the banks. So far as regards safety, it can



A. C. COLE

GOVERNOR OF THE BANK OF ENGLAND

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

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Capital - - - - \$5,000,000.00

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CORRESPONDENCE INVITED

New York Correspondent, NATIONAL PARK BANK

JUAN A. GREEL

General Manager

JESUS J. FALOMIR

Cashier

hardly be said that the British policy of "let be" will suffer by comparison with our policy of close regulation.

ASIATIC

CHINESE BRANCH OF BANK OF FORMOSA

RECENTLY a branch of the Bank of Formosa was opened at Shanghai, China. The head office in Formosa was established twelve years ago with \$5,000,000 capital, which has been doubled and the original note-issuing functions greatly extended.

AUSTRALIA

BANKING PROSPERITY IN AUSTRALIA

COMMENTING on the recent Australian banking returns, *The Bankers' Magazine of Australia* says:

The banking average returns for the current year, so far as made public, show that deposits are exceeding those during the "boom" years. Figures are available for Victoria, New South Wales, South Australia, and Tasmania. It can be affirmed of the whole of these States that their people have at no previous time in the history of Australia been so conspicuously prosperous as now. This arises from the continuance of good seasons since the 1902-3 drought, and the satisfactory markets that have

The Mexican Financier

*Only Weekly Financial Journal
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ESTABLISHED 1817

BANK OF NEW SOUTH WALES

AUSTRALIA

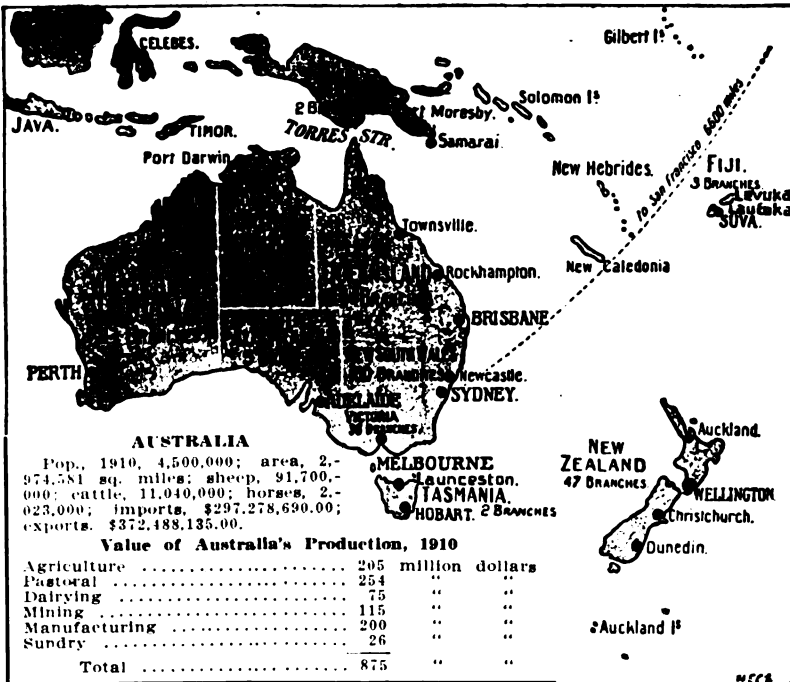
Paid-up Capital	- - -	\$15,000,000
Reserve Fund	- - -	9,850,000
Reserve Liability of Proprietors	- - -	15,000,000
		<hr/>
		\$39,850,000



Aggregate Assets, 31st March, 1911 \$229,544,195.00

J. RUSSELL FRENCH, General Manager

330 BRANCHES AND AGENCIES



330 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—64 Old Broad St., E. C.

330 BRANCHES AND AGENCIES

In the Australian States, New Zealand, Fiji and Papua (New Guinea)
Cable remittances made to and drafts drawn on Foreign Places DIRECT.
Foreign Bills negotiated and collected. Letters of credit and Circular Notes issued.
NEGOTIABLE THROUGHOUT THE WORLD.

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York, Standard Bank of South Africa, Ltd., 55 Wall Street

Agents in San Francisco, Bank of California National Association and
Anglo and London Paris National Bank

ruled in the meantime, as well as the private economy of the community. The total deposits for the four States since March, 1909, have moved forward from £94,846,218 to £112,590,479. Expansion in New South Wales has been most noticeable, as the deposits in the two years have moved up £8,871,287, while those of Victoria in the same period have grown by £5,625,293. In each State deposits not bearing interest show the greatest proportionate increase. Capital, it is clear, is not being utilized to the extent that might be expended in a country that possesses such scope for enterprise as Australia. The following aggregate figures indicate the changes in the banking position for the past three years in the four States named:

	March, 1909.	March, 1910.	March, 1911.
	£	£	£
Deposits			
Current ...	38,902,778	44,056,824	49,342,588
Fixed	55,943,440	58,476,213	63,247,891
Total deposits	94,846,218	102,533,037	112,590,479
Bank notes..	3,274,472	3,406,319	3,520,863
Federal notes			2,720,604
Coin and bullion	20,753,893	23,431,594	26,229,628
Advances ..	78,665,397	78,372,069	87,602,022

BANK OF NEW SOUTH WALES

AT the half yearly general meeting of the proprietors held May 26, 1911, the following report was submitted:

The net profits for the half-year, after deducting rebate on current bills, interest on deposits, paying note and other taxes, reducing valuation of bank premises, providing for bad and doubtful debts, and fluctuations in the value of investment securities and including recoveries from debts previously written off as bad, amount to.....	£204,372 17 6
To which is to be added—	
Undivided balance from last half-year.....	57,342 10 5
Giving for distribution.....	£261,715 7 11
which the directors recommend to be dealt with as follows:	
To payment of dividend at the rate of 10 per cent per annum.....	£143,457 10 0
To interest at 5 per cent. to March, 31st, 1911, on capital paid in advance on other than the fixed dates	2,879 18 5
To augmentation of the reserve fund.....	53,265 0 0
To balance carried forward	62,112 19 6
	£261,715 7 11

The new capital paid up during the half year amounted to £186,940, bringing the capital up to £2,913,820. With the branches open during the half year the total number of branches and agencies is now 326.

LATIN AMERICA

THE PRESENT INVESTMENT SITUATION IN MEXICO

By M. B. Katze, Manager National Real Estate Company of Mexico City

THE feeling has always existed throughout the United States as well as in other foreign countries, that in the event of the retirement of General Porfirio Diaz as President of this republic, that Mexico would be relegated to the past and that anarchy and riot would reign supreme.

It will be understood that the revolution in Mexico was ended some forty days ago and that during the period of time between the ceasing of said revolution and the present, eighty per cent. of the revolutionary army have disbanded and returned to their homes to take up their daily vocations in life. And they are endeavoring to convince the world at large that, having won what they fought for, they are now content to be guided in the future government of this country by those who may be elected by the people. This fact in itself reflects great

M. CERVANTES RENDON

Attorney-at-Law

3a SAN AUGUSTIN 73

MEXICO CITY, D. F.

2nd Assistant Consulting Attorney for the Foreign Office

References on Request

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Phone 2395

Correspondence in English, French, German, Italian and Spanish.
Commercial and Maritime Law. Collections, Protocolization and Legalization of Documents. Foreign Judgments. Claims against Transportation Lines.
Corporation Law. Bankruptcy Mines. Concessions. Patents and Trade Marks. Estates and Successions. Titles. Investments.
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credit upon the Mexican, for the reason that the majority of those who took up arms against the former government were of the lower element of society, men not versed in the ordinary affairs of life, who simply fought for a cause which they felt would improve their welfare. Having been successful, they now laid down their arms, content to once more become law-abiding citizens.

With these facts submitted, it is convincing proof that the Mexican, be he high or low in his station in life, is capable of upholding and supporting a democratic form of government.

The writer is confident that normal conditions will prevail in Mexico within a very short period of time, in fact, normal conditions do now prevail, and with the exception of a few remote districts, no disturbances are being felt. Furthermore, the present provisional government, through its able president, Hon. Francisco Leon de la Barra, is granting unto Mexico many reforms that will greatly benefit the people. Mr. de la Barra is receiving the full support and assistance of the citizens of this republic, a circumstance that augurs well for the progress of the republic.

Furthermore, while Mr. Francisco Madero has retired to private life, nevertheless, he is devoting his entire time and attention to-

wards assisting in the bringing about of peaceful conditions throughout the republic, and in this respect is proving very successful.

The manner in which this gentleman has submitted his views through the public press, as well as through his personal efforts, reflects great credit upon him, and in the event of his being elected president of this republic, it will be found that every promise he has made to the people will be faithfully carried out, and, furthermore, that foreign investments will receive due protection at his hands.

Observers of Mexico should bear in mind that the causes leading up to this change of affairs were not a question of a day or a month, but have been slowly coming on for the past twenty years, and while Mexico owes a great deal to the magnificent work performed by President Diaz, they also realize that in President Diaz's work of upbuilding the commercial part of Mexico, he failed in the upbuilding of its people, by not granting to them the many reforms they were demanding. When Mr. Madero took up this fight, he naturally enjoyed the support of the masses, and it may be truthfully said that the gaining of this cause can be attributed to the poorer element of Mexico.

With these conditions defined, it is natu-

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ALEXANDER LAIRD, General Manager

Paid-Up Capital, \$10,000,000 Reserve Fund \$8,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : MEXICO CITY, D. F.

ral to assume that as freedom of press and speech as well as absolute liberty is offered to the people of this republic, the upholding of a democratic form of government is assured, and furthermore, that Mexico will enjoy a greater era of prosperity than she has ever known.

With reference to the safety of investments, it may be stated that, during the entire progress of the revolution, there were very few foreigners molested and that what-

ever damage was sustained, either by the foreign or the Mexican citizen, the government is endeavoring in a just and fair manner to make good. A few of the papers in the United States declared that it was the intention of some of the governors of Mexico to rescind concessions formerly granted to foreigners. I consider this a canard, for the reason that all foreign interests are receiving due protection by the provisional government, and furthermore, I do not be-

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000 Reserves, \$788,115.74 Deposits, \$2,195,056.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK. National Park Bank, Mechanics & Metals National Bank; **LONDON.** Dresdner Bank, Credit Lyonnais; **BERLIN.** Deutsche Bank, Berliner Handels Gesellschaft; **PARIS.** Credit Lyonnais, Comp. toir National d'Escompte; **HAMBURG.** Deutsche Bank Filiale Hamburg, Com. merz und Disconto Bank; **MADRID.** Banco Hispano Americano, Banco de Castilla; **HABANA.** Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR FAZ, Cashier

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

lieve there is any desire on the part of Mexico to commit any injustice of any nature against foreign capital. Mexico appreciates the important fact that foreign capital has assisted in the building up of this country and she will continue to solicit the assistance of foreign capital, but she will also endeavor to realize that her own interests are worthy of consideration and that foreigners must not expect any greater benefits than those that should be allowed her own people.

When one considers that in the past Mexico has freely granted concessions of all kinds worth many millions of dollars to foreigners, for which she has received no just returns, it is only fair to assume that, with the education she has experienced in this respect, she will endeavor to protect her own interests far better than in the past. Mexico has given away millions upon millions of acres of lands under concessions, and therefore, these lands have passed forever out of the hands or the reach of the Mexican citizen, in consequence of which he will be fully justified in demanding that the granting of such concessions cease and that the sale of said lands be effected by the government in a form that will enable the Mexican citizen to enjoy the same privileges as foreigners possess.

The writer contends that Mexico offers greater inducements to the outside world from a standpoint of investment than any country on the civilized globe. She enjoys every known climate under the sun; her soil is as rich as can be found out of doors; her pine and oak and hard wood timber lands are worth untold millions; her mountains teem with minerals; her oil lands are as yet unexploited, and her manufacturing industries are at present conducted in a very small way, notwithstanding the fact that most of her raw material lies within the domain. Therefore, capital coming into this republic for investment must receive larger returns

than can be secured in other countries where competition is much greater. Citizens of Mexico realize the great benefit they have secured through the investment of foreign capital in their republic, and they are pleased to welcome foreigners into this republic, be they American, English, French or of any other nationality.

THE INTERCONTINENTAL RAILWAY

THE scheme of a railway uniting the three Americas, North, Central and South, continues to be brought forward. It originated in the mind of Hinton Rowan Helper, a famous political writer in his day, who was American consul at Buenos Aires in the years 1861-66. He wrote eloquently of the intercontinental, or "Three Americas," railway which would some day extend from Bering Sea to the Strait of Magellan! A man of faith of the sort to tunnel mountains, if not to remove them. The idea fascinated the mind of James G. Blaine who openly championed it, and did much to bring it into notice.

When the Mexican Central railway was formally opened in 1881, the intercontinental enthusiasts saw it as a great link in the gigantic railway dreamed of by Helper long years before a north-and-south trunk line road was projected for Mexico. Now this country can be traversed by rail from its northern border to its southern. Mexico has done its share of the work of an intercontinental line.

The other day at Washington, during a session of the Pan-American commercial conference, Mr. Loomis, a former assistant secretary of state in the United States Government, predicted that there would be a continuous line of railway communication from New York to Panama within five

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

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This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

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Xavier Icaan y Landa, Mgr.

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1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

years and he added that he would be greatly surprised if it was not continued to Buenos Aires within twelve years. To build the 600 miles of railway from the northern boundary of Guatemala to Panama would, he said, cost \$25,000,000. This Central American link in the intercontinental railway may some day be constructed, provided, of course, that there is sufficient business in sight to attract the necessary capital, and the Central Americans get over their revolutionary ways.

Mr. Loomis has the faith of Helper, and foresees the eventual completion of the 1,800 miles of railway, extending from Panama to Cuzco, in Peru, and says that already 305 miles of this have been built, and that plans are well under way for the construction of 500 miles more. This leaves nearly 1,000 miles as yet unplanned for on the long stretch from Panama to Cuzco; and from that point to Buenos Aires "all but 175 miles" is now under construction.

The intercontinental railway will, if ever it is a reality, have to be built, as railways here have been, in response to a real business demand. Mountains and rivers are

not insuperable obstacles; provide the money and engineers and contractors will get the railway built in the end. But, first of all, bankers and guaranteeing governments must be made to see that the business will follow the rail.

It would seem that 1923 is rather early to expect to hear the cry of "All aboard for Buenos Aires!"—*Mexican Herald.*

NEW CAPITAL IN BRAZIL

THE way of the corporation is made easy in Brazil, judging by the treatment that country is affording the organizers of a new steel company. To encourage the development of iron deposits, the Government has made to this concern a twenty-five-year concession which provides for the payment of a liberal premium on articles manufactured at the plant, with a guarantee that if the tariff on steel manufactures should be lowered the premiums shall be correspondingly increased. It is further provided that in the construction of Government railways one-third of the rails

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Surplus, \$100,000.00

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shall be bought from the new company, while preference is to be given to the company's products by public departments. Government commissions, and holders of Federal concessions. One-half of the profits over twelve per cent. is to go to the Government. It is asserted by a paper opposed to the administration that the concession will cost the Government nearly \$2,000,000 a year for the full period of twenty-five years.

BUSINESS OUTLOOK IN MEXICO

FROM Mr. José L. Garza, Manager of the Banco Mercantil de Monterey, Monterey, Mexico, **THE BANKERS MAGAZINE** has received the following in regard to the present business outlook in Mexico:

At present it is very difficult for me to give an exact opinion in regard to the business conditions throughout the Republic, because we are in a period of revolution of which you are aware, but I have procured the opinions of persons who are able to appreciate the condition of affairs and I will furnish you some data even in very general terms, which you may use as you think it proper.

An increase in sales is reported by the trade in practically all of the larger centers, the month of June being spoken of as good, especially as compared to preceding months when conditions were unsettled. However, a disposition is noticed to keep stocks at a low level and purchases are more or less for necessities. Collections are fair.

No new enterprises are being started as far as ascertainable, the tendency being to wait the result of the coming elections, and while conditions are gradually becoming normal, no great amount of enthusiasm is displayed in trade and banking circles.

With the re-establishing of railroad communication with many points in northern Mexico, the larger mining companies that had been storing their bullion, are shipping same and the industry is again active. The metal market is steady, with a tendency for the better, especially is an improvement have been largely to Europe.

The larger mining companies continued operations without interruption, though being unable to ship their bullion, many were forced to borrow from the banks for current expenses, paying about 8 per cent. interest. The coal mines are not working full time, for not only was a good part of their market cut off, but the railroad consumption also fell off.

Among business men it is generally noted that they have great hopes for the best future of this nation, and when the new government is organized there will undoubtedly be a strong reaction in all business,

which will bring an ample field to develop enterprises from which big profits may be expected.

THE BANK OF LIMA, PERU, ON DECEMBER 31, 1910

THE balance of commercial accounts and deposits at the different banking institutions of Lima on December 31, 1910, shows an increase of 1,285,980—755 Peruvian pounds over the balance of 1909, as detailed in the following table:

	Libras peruanas.
London and Peru Bank.....	2,546,172-708
Italian Bank	628,717-889
International Bank	172,519-923
Popular Bank	334,945-106
Transatlantic German Bank	1,281,458-482
Savings Bank (Caja de Ahorros)	457,995-669
Bank of Deposits and Consignments	208,815-491
Total	5,630,625-268

The profits of these institutions during 1910, according to available reports, were as follows:

	1909 Libras peruanas.	1910 Libras peruanas.
London and Peru Bank....	74,781	75,682
Italian Bank	19,289	20,500
International Bank	7,555	9,040
Popular Bank	17,976	18,841
Savings Bank	5,417	4,335
Bank of Deposits and Consignments	14,701	14,399

BANK OF PICHINCHA AT QUITO, ECUADOR

ALTHOUGH in existence but a comparatively short time, the Bank of Pichincha at Quito has become one of the most important institutions in the northern provinces of Ecuador and has been closely connected with the development of the interior. The bank was organized in 1906 with a capital of 600,000 sucres (\$300,000), but during 1910 the capitalization was increased to 1,000,000 sucres. The capital stock of the bank is divided into 10,000 shares, with a par value of 100 sucres each, and during the year 1910 paid a dividend of about 25 per cent.

Advertisers in **THE BANKERS MAGAZINE** are assured of a bona fide circulation among Banks, Bankers, Capitalists and others in this and foreign countries, at least double that of any other monthly banking publication

BANKING PUBLICITY

Conducted by T. D. MacGregor

A LIVE SOUTHERN ADVERTISER

A NORTH CAROLINA INSTITUTION THAT BELIEVES IN PUBLICITY

ONE of the most progressive bank advertisers in the South is the Wachovia Bank & Trust Company, an institution with \$1,250,000 capital, located at Winston-Salem, N. C.

It uses local newspapers to some extent, but likewise makes a strong feature of circulars and form letters. It derives a lot of benefit from a tobacco-growing contest which it conducts, and which has already been described in these pages.

In this article we propose to reproduce some of the advertising matter used by this live institution.

Following is the matter on a circular, advertising the Banking By Mail Department:

From Old Ways.

It has not been very many years since people were not only contented but also obliged to purchase all their needs, such as clothing and household necessities in their own communities. To-day, by reason of modern methods of transacting business, the improved transportation facilities and the promptness with which mail is handled, a man or woman in any city or town of any state can buy such articles as cannot be obtained satisfactorily of local concerns from business houses situated in cities in all parts of the country.

To Modern Methods.

A firm in the State of Maine may advertise in a magazine or other publication which is read by people in a distant State such as New Mexico or Texas and having seen this firm's advertising telling of its goods may order same through the mails and receive them promptly and in good condition. This is one of the results of modern business progress.

Safeguarding Money.

Much in the same way that people at one time were obliged to supply their needs from local merchants so the man who had money and wished to deposit it in the bank was obliged to place it with an institution in his immediate locality. If that bank was not as efficient as he thought it should be, then he kept his funds in his home or in some hiding place where they were not entirely as safe as they should have been and they also lay idle earning no income.

United States Mails.

The efficiency of the United States Mail has changed all this. Persons who desire unquestioned protection for their money can avail themselves of the facilities afforded by

strong banks such as the Wachovia Bank and Trust Co. by sending their deposits through the mails in the form of checks, drafts, money orders, or registered letters, no matter how many miles away the bank may be located.

Patrons Throughout Country.

This institution has patrons in all parts of the country who appreciate the efficient service which it renders and the security that its capital and surplus of more than \$1,500,000.00 assures.

Proved Safety.

It has been in business many years and the conservatism and soundness of its methods have been tested and proved reliable beyond question. On savings accounts it pays interest at the rate of four per cent. per annum, compounded four times a year. It also receives deposits subject to check and issues Certificates of Deposit bearing four per cent. per annum.

Opening Accounts.

Opening accounts either savings or checking, by mail is a simple matter. Send any sum of one dollar or more—endorsed checks and drafts, or your own checks, will be received. Money orders or registered letters also assure safety in transmitting funds. Upon receipt of the money we will immediately forward you a pass book showing your deposits. To make additions to your account, send the pass book with the deposit.

Withdrawing Money.

When you wish to withdraw money, forward your pass book, stating the amount you desire and we will remit to you promptly either by N. Y. draft or in such manner as you may indicate.

Long Distance Banking.

Thousands of depositors—hundreds of miles away—place their savings here because of the strength and standing of this institution.

No matter where you live, you can safely deposit and withdraw small or large amounts. And your money is earning four per cent interest, compounded four times a year; \$3,000,000.00 capital, profits and stockholders' liability pledged by law to protect depositors.

Our booklet, "A Little About Our Usefulness" explains our safe, simple method of long distance banking. Free on request. A post-card will do.

WACHOVIA BANK AND TRUST CO.,
Winston-Salem, N. C.

On the back of a circular is a map of the United States, showing the different States in which the company has depositors.

A card, printed on both sides, is sent out with this circular, as well as the other advertising matter of the bank. The matter on the card is as follows:

Others Use This Form—WHY NOT YOU?

Date.....191..

**Wachovia Bank & Trust Company,
Winston-Salem, N. C.**

Gentlemen:

Find enclosed
(Check, Money Order, Cash.)
for \$..... with which I wish to open
a account
(Checking, Savings or Certificate.)
with your institution.

Kindly send book (or Certificate) to the following address:

Name
R. F. D. No.
Postoffice
State

Send what you have. Money deposited here is protected by our Capital of \$1,250,000—your guarantee. If our plan or service fail to please, you have but to call or write for your money.

**Wachovia Bank & Trust Company,
Winston-Salem, N. C.**

Gentlemen:

Kindly give me information relative to the subject opposite which I have placed check mark.

Checking Accounts []
Trust Department []
Certificates of Deposit []
Savings Accounts []
Bond Department []
Banking by Mail []

Name
R. F. D. No.
Postoffice
State

Date191..

Following are some of the form letters:

Dear Sir:

If we were to offer you \$100.00 as a gift you would be interested as to what prompted the generosity. If to bank here may mean the saving of many times that sum each year isn't the proposition still more interesting?

Letting well enough alone is not a good business and you have not succeeded along that line. What was good enough yesterday is changed, until to-day, you know better the needs of your patrons and endeavor to better supply them. This builds your business.

Many a merchant's business has been saved—saved by his bank.

Some explanation and description of the methods of this bank are worth while.

It is built for safety. It's paid in capital is \$1,250,000.00. Safety, then, is the first consideration. Next, in order to succeed, the bank must render patrons an accurate and helpful banking service that it may draw business—your business—the business of others. Some say that any bank will do. Would any goods you might buy answer for your trade? We insist there is a difference in banks just as there is a difference in merchants.

More than 15,000 persons have selected this bank because of the protection, service and helpfulness it offers them.

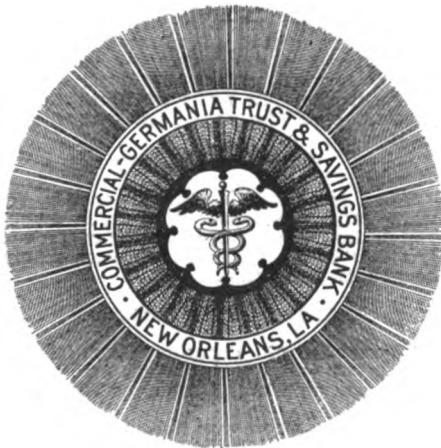
Suppose you desire to give a reference—one from this, North Carolina's strongest bank, certainly means something.

Suppose you seek information relative to increasing your stock or making some business change. It is reasonable that our officers, being familiar with all lines of trade, can advise you so that loss may be avoided and no mistake made.

Suppose you carry a checking account here—a part of the money is not needed for a time—our Savings Department or a Certificate of Deposit, convertible into cash at any time, will prove very satisfactory.

You might wish to invest in some good stock or bond—Our Bond Department possesses helpful information and will gladly assist you in securing just what is desired.

You wish to name an Executor for your



THREE GOOD EMBLEMS



PHOTO BY OLIVER LIPPINCOTT, N. Y.

COL. F. H. FRIES

**PRESIDENT OF THE WACHOVIA BANK AND TRUST COMPANY,
WINSTON-SALEM, N. C.**

estate. Our Trust Department never dies. It carries out every provision of the will to the letter at the lowest possible cost to the estate.

Whatever you need in banking you will find here. Fill out the enclosed deposit ticket with the amount with which you desire to open an account. What you need we can render. Are you going to be with us?

Yours truly,

ADVERTISING MANAGER.

We take this opportunity of expressing our appreciation of the account which you have opened with us and we wish to assure you that our officers and employees will esteem it a pleasure to extend you every courtesy and attention.

There are two features to which we wish to call your attention—more protection than found at many other banks and a painstaking effort to render you a helpful banking service through any one of our several departments.

Nearly every person needs a checking account on which to draw for the payment of obligations and nearly every one has some definite plan in mind which cannot be real-

ized until a certain sum has been accumulated through such a plan as offered by our Savings Department.

Still others find one of our other departments helpful for we render you the same good service in handling your insurance, selecting an investment through our bond department, in acting as your agent or when naming us as executor of your will.

It has been our experience that satisfied patrons are always pleased to recommend a bank to their friends and acquaintances and we trust that your relations with us will prove so satisfactory that you will take pleasure in directing to the Wachovia Bank and Trust Company any persons whom you consider would be benefitted by having an account with this bank.

If at any time we can be of assistance to you by furnishing information or advice regarding financial matters, we cordially invite you to call upon us.

Yours truly,

ADVERTISING MANAGER.

Dear Sir:

As a farmer of to-day you enjoy any number of conveniences and luxuries that were unknown but a few years ago. You have

the rural free delivery, weather bureau service, better educational facilities, improved farm machinery, better roads over which to haul farm products, and, if desired, you can have the telephone placed in your home connecting you with the market and bringing your friends in close communication.

These things are helpful, but a bank account—one on which to draw checks—is a convenience almost indispensable. It enables you to keep an accurate record of all business transactions. You are at no risk of loss of your money by fire or thieves, and you are able to obtain business information from your banker that will prove very helpful.

The success of this bank depends upon the success of the people who deposit and borrow here. Only as they succeed can we hope to continue to build up a strong business. On the other hand, our farmers are dependent upon the bank in many ways. They are enabled to market their crops because those who buy may obtain funds at the bank. This, with the safeguarding of money, the keeping of their records, make a bank account indispensable.

The services rendered by this bank and the protection it affords are just a little better than found elsewhere. You need a bank account on which to check, an account to draw interest, a safety deposit box in which to safeguard your mortgages and other valuable papers, or some other of the features for service which we offer.

We are interested in your success; we wish to see you prosper, and you will if you patronize this bank, for the people who do so are more generally prosperous than those having no such banking connection.

Just send us the money you have on hand by registered mail, by check or money order and we will issue you a book for a checking account or a Savings Deposit as desired, sending it by return mail.

When in Winston-Salem make our institution headquarters.

Your very truly,

ADVERTISING MANAGER.

Dear Sir:

Nearly every person has some definite plan in mind which cannot be realized until a certain sum of money has been accumulated. While in some cases this has the appearance of being a difficult task, yet it can be accomplished in a comparatively short time if the proper methods are applied.

If you will save a portion of your salary each week or month, however small the amount, and deposit it in the Savings Department of this bank at four per cent. interest, compounded four times a year, you will be surprised how rapidly money will accumulate and how soon you will be able to take advantage of some opportunity which is denied to those who spend their earnings carelessly from month to month. As an inducement to those desirous of laying aside money for future use, this bank will accept any sum down to \$1.00 as a beginning, and moreover, each patron is served promptly and courteously regardless of the size of his account.

The Wachovia Bank & Trust Company is a safe depository for savings because it is

recognized as the strongest bank in North Carolina. Money entrusted to its care is protected by the conservative management of practical, experienced business men and bankers whose constant endeavor is to properly safeguard the funds of depositors. The institution has greater capital and profits than any other bank in Winston-Salem—\$1,500,000.00.

It will be a pleasure for us to serve you in any financial capacity.

Yours very truly,

ADVERTISING MANAGER.

Dear Sir:

We note that you have closed your account with us and regret exceedingly that we shall not have the pleasure of continuing to serve you. The patronage with which you have favored us has been fully appreciated.

If there was a reason for your action we would greatly appreciate your advising us in order that we may, in the future, avoid making such a mistake as to cause any of our valued customers to leave us.

It is our purpose at all times to render you a helpful service and to make the handling of your money matters prove both profitable and pleasant. It may be that you wanted a form of service not found in the department with which you transacted your business. If such be the case, we are confident that we have facilities that will meet your every requirement, and we invite you to come in and reopen your account with that department which will prove of most assistance.

An early renewal of your patronage will be appreciated.

Yours truly,

ADVERTISING MANAGER.



SOME FINE BOOKLETS

Several Banks Get Out Good Ones

TO commemorate the tenth anniversary of its founding, the Chambersburg (Pa.) Trust Company got out a well prepared and well arranged booklet. It contained illustrations, historical matter, and information concerning the different features of the company's service. Altogether, it is a very creditable publication.

"A Bit of History" is the title of a handsome booklet issued by the Dexter Horton National Bank of Seattle, Wash., which is the oldest banking institution in the State of Washington. The booklet contains an historical outline and a description of the bank's present quarters and facilities. It is an interesting and well printed piece of advertising literature.

"Natural History and the Saving Habit," copyrighted 1895 and re-copyrighted, 1911, is an elaborate brochure published by the Mid-City Trust & Savings Bank of Chicago, with the purpose of illustrating through Nature the necessity of providing for the future. The booklet, which is handsomely illustrated, contains advice from great men and short lessons in natural history which show that saving is an instructive habit. The animals illustrated and described are: The European marmot, the digger wasp, the redheaded woodpecker, the agricultural ant, the red squirrel, the dung beetle, the Alpine lagomys, the honey-bee, the Canadian beaver and the dormouse. Wise words on saving are quoted from the sayings of Washington, Franklin, Jefferson, Jackson and Carnegie. A description of what the institution has to offer is supplemented by a table showing the results, over a period of ten years, of systematic saving with three per cent. interest compounded semi-annually.



HOW MUCH TO SPEND

Is There Any Definite Factor Regulating Advertising Expenditure?

MR. H. A. DALBY, Teller of the Naugatuck (Conn.) Savings Bank, asks:

I am curious to know how appropriations for advertising are determined, whether they bear a certain ratio to capital stock, to sales of the past year or to any other element in the business. Probably in special cases, such as the introduction of a new article on the market, they would be governed by none of these considerations. But for ordinary routine business, such as that of a savings bank, with nothing to boom and no bargain attractions, how should the amount of an appropriation be governed? Our deposits are something over two millions and our object is, of course, to educate people, especially children, to realize the importance of cultivating the saving habit.

If you care to discuss the matter in the Magazine I, for one, would be interested. The question is to come up in our annual meeting and I would like to have some definite ideas to advance.

Your department has been of immense value to me as I feel sure it has to many who have followed it since its inception.

Our answer to Mr. Dalby was as follows:

Replying to your inquiry, we would say that it is a very difficult matter

to tell just how much an advertising appropriation should be.

It is quite commonly believed in advertising circles that five per cent. of the annual business is not too large an appropriation to be spent in advertising, but whether or not this would be possible in the case of a bank is another question.

You are in a position to figure out how much an account is worth to your bank in the course of a year, and then by doing some experimenting you can tell how much it costs you to get new accounts by advertising and thus figure out how much you can afford to spend for advertising to get new accounts.

We will publish your letter in the August number of the BANKERS MAGAZINE, and we may be able to stir up some discussion on this interesting point, which emphasizes the necessity for doing the best possible advertising so that maximum results can be obtained at minimum cost.

If any of our readers have any experience or theory on this subject we would be glad to hear from them and publish their views for the good of the cause.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list by writing to the editor of this department.

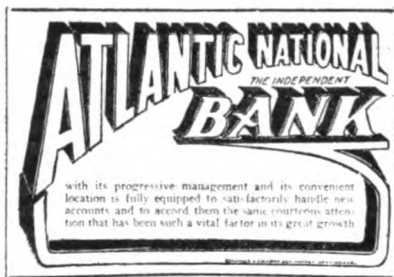
The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.





TOO MUCH LIKE A PUZZLE

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

Stuart Wilson, Cashier, State National Bank of Texarkana, Ark.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

H. M. Jefferson, Cashier, Bank of Coney Island, Coney Island, N. Y.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

CONSIDERABLE INTEREST.

I have read with considerable interest your ideas as to a Bank Advertising Exchange.

I herewith enclose copy of some ads. we prepared for a client and also two of our little house organs.

Yours very truly,

WM. R. STACKHOUSE, Secretary,
Switzer, Stackhouse & Company, Inc., City National Bank Building, Utica, N. Y.

A DIRECT ADVERTISER.

I am interested in your Banking Advertising Exchange of the **BANKERS MAGAZINE** and would thank you to add my name to the list and I shall be pleased to send copies of advertising matter put out by us to those on said list, in return for a similar courtesy on their part. We advertise but little in the newspapers, but, considering our situation, do considerable direct advertising.

J. A. OVERTON, Cashier,
The National Bank of Smithtown Branch, Smithtown, N. Y.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

IN order to aid present and prospective depositors in saving money, the Union Savings Bank of Pittsburgh is distributing free an edition of the "Working Man's Time Book." The book is of convenient pocket size and is useful for keeping a record of time, wages and expenses, besides containing much valuable information—first help to the injured, building tables, business law, postage rates, etc.

The Worcester (Mass.) County Institution for Savings advertises as follows:

For the benefit of those interested in owning their own homes, the Worcester County Institution for Savings has made an extensive collection of drawings and plans of inexpensive detached houses that should cost

from \$1,500 to \$3,000 to build. Persons interested in building attractive detached houses for a home for themselves and their families are invited to avail themselves of these plans at any time.

While the bank is prepared to make mortgage loans at any time upon houses of the above description, it should be understood that the use of the plans implies no obligation whatever toward the institution. These plans have been collected and are offered to the public for the sole purpose of encouraging better conditions by which it is believed that the whole community will benefit.

From Carl W. Art of the Publicity Department of the Union Trust & Savings

Northwest Loan & Trust Co.

THIS IS A BANK WHERE YOU WILL FEEL AT HOME.

We welcome the accounts of those not accustomed to availing themselves of banking service and take pleasure in explaining the simple methods of banking.

YOUR MONEY WILL BE SAFE HERE AND YOUR BUSINESS WILL BE APPRECIATED.

Our most recent statement will be cheerfully furnished upon request.

Granite Bldg., Cor. Riverside Ave. and Wash.ington St.

Exchange National Bank

Spokane, Wash.

United States Depository
Capital - \$1,000,000
Surplus - \$250,000

We do a general banking business, pay interest on savings and time deposits.

Officers:
Edwin T. Coman, President
Wm. Huntley, Vice President
C. E. Mellison, Cashier
E. N. Sault, Assistant Cashier
M. W. Lewis, Assistant Cashier
O. M. Green, Mgr. Bond Dept.

SAVINGS DEPARTMENT

STOLEN property is seldom recovered--burned valuables never

UNOCCUPIED HOMES during the summer months greatly increase the hazard of both fire and burglary. It is distinctly a season of harvest for the thief.

WHY TAKE ANY RISK when for the moderate sum of two or three dollars you can rent a space in our vaults sufficiently large to accommodate all your silverware, jewelry, furs, insurance papers and keepsakes during your absence?

CONVENIENT AND ACCOMMODATING. Both accommodations afford absolute privacy. Open every business day from 9 a. m. to 6 p. m.; Saturday evenings from 6 to 8. Inspection invited.

Union Trust & Savings Bank

Marine Bank Bldg.
Capital \$500,000



REPORT to the Comptroller of the Currency (Condensed) of the Condition of The Old National Bank of Spokane

at the Close of Business June 7, 1911

RESOURCES		
Cash in Vaults	\$1,248,935.54	
Cash in Reserve		
Banks	1,530,678.68	\$2,779,614.22
Due from U. S. Treasurer		30,000.00
U. S. Bonds		1,575,000.00
Bonds and Warrants		233,137.25
Bank Building		609,809.08
Loans and Discounts		5,581,032.77
		\$10,428,753.32
LIABILITIES		
Deposits		\$8,008,304.72
Circulation		1,000,000.00
Surplus and Undivided Profits		420,448.60
Capital		1,000,000.00
		\$10,428,753.32

OFFICERS
D. W. Tweney, President
T. J. Humbley, Vice President
W. J. Kummer, Assistant Cashier
J. A. Yennema, Assistant Cashier
W. J. Smithson, Assistant Cashier

DIRECTORS
Levi Ankeny, Jay P. Graves, John Tweney
J. A. Blackwell, F. C. Woodfield, Thos. F. Wren
J. D. Farrell, John B. Foster, Fred B. Griswold
T. J. Greenough, W. D. Vincent, J. P. McGoldrick
T. J. Humbley, D. W. Tweney

THE Traders National Bank OF SPOKANE, WASH.

Report of Condition at Close of Business June 7, 1911.

RESOURCES	
Loans and discounts	\$3,770,382.92
Bonds and warrants	288,081.43
Bank building	325,000.00
Other real estate	1,000.00
United States bonds	402,000.00
Due from U. S. Treasurer	20,000.00
Cash on hand and in bank	2,260,163.60
	\$6,735,577.97
LIABILITIES	
Capital stock	\$1,000,000.00
Surplus fund	300,000.00
Undivided profits	135,961.14
Circulation	402,000.00
Deposits	5,009,186.83
	\$6,735,577.97

Our up-to-date system, perfect facilities and strong resources enable us to render efficient service.

OFFICERS
A. F. WELLES, President
D. M. SCHWELLEN, Vice President
CHAS. A. WILSON, Cashier
E. V. BLISS, Assistant Cashier
W. T. TROPEY, Asst. Cashier

DIRECTORS
A. BEW, JAMES HODGKIN
GASTON CONNOR, CHAS. H. STEARNS
W. H. COVILLY, W. S. GRAYSON
M. C. CAMPBELL, A. F. WILSON
FRED SMITH, M. C. COVILLY
D. M. SCHWELLEN, J. J. TROPEY

Advantages of a Checking Account

Your cancelled checks are receipts for the bills you have paid. You need never pay a bill twice. If you pay by check, the check is positive proof that you paid the money.

Interest paid on time deposits and savings accounts.

We have your account.

The Fidelity National Bank

Spokane, Wash.

The Flagship Bank of the Spokane Country

OFFICERS:
CHAS. A. WILSON, President
JAMES HODGKIN, Vice President
GASTON CONNOR, Cashier
W. H. COVILLY, Asst. Cashier
FRED SMITH, Asst. Cashier

Statement of condition of

The Washington Trust Company of Spokane

at close of business June 7, 1911

RESOURCES	
Loans and discounts	\$548,304.49
Bonds, warrants and other securities	77,201.85
Banking house, fixtures and other real estate	\$1,506.80
Cash and due from banks	246,078.61
	\$960,489.75
LIABILITIES	
Capital stock paid in	\$300,000.00
Surplus and undivided profits	42,283.83
Deposits	708,199.92
	\$960,489.75

A general banking and trust business transacted. Four per cent paid on savings accounts. Two per cent interest paid on loans subject to check. Acts as trustee, administrator, executor or assignee. Collections and currency handling. Fire and liability insurance and surety bonds written in reliable companies. First mortgages on improved property for sale to borrowers. Flood insurance handled. Note deposit boxes for rent, 50 and up per year. Trucks and bulky packages stored at reasonable rates.

National Bank of Commerce of Spokane

CAPITAL \$200,000
SURPLUS \$25,000

Deposit with this bank, which will give services to facilitate your business, and where every depositor's needs are cared for.

F. M. MARSH, President
DANA CHASE, Vice President
F. M. COOK, Cashier
JOSEPH BAILEY, Asst. Cashier

WHICH IS THE BEST ADVERTISEMENT?

YOUR ALASKA BUSINESS

In becoming a bank, to handle your Alaska business, remember, it is the first bank, the Seattle National, fully developed in all its departments and in constant touch with general business conditions on the coast and in Alaska, which can just meet your requirements and demands.

Twenty-eight years' experience, direct connections with Valdez, Seward, Fairbanks, Nome and all other Alaska points, enables the Seattle National Bank to offer you a service complete, prompt and efficient. Special attention given to money transfers by wire and express.

OFFICERS:

W. SPANGLER	J. W. ANDERSON	C. E. LINDBERG	President
J. ANDERSON	J. W. ANDERSON	H. E. MANNING	First Vice President
J. ANDERSON	J. W. ANDERSON	G. E. LINDBERG	Second Vice President
J. ANDERSON	J. W. ANDERSON	J. W. ANDERSON	Cashier

DIRECTORS:

J. W. ANDERSON	J. W. ANDERSON	J. W. ANDERSON
J. W. ANDERSON	J. W. ANDERSON	J. W. ANDERSON

THE SEATTLE NATIONAL BANK

Center Seattle's Business Activity
Second Ave. and Columbia Street

Resources Over
\$16,000,000

REACHING OUT FOR BUSINESS

Bank, Spokane, Wash., we have received the following:

Enclosed herewith, you will find two pages clipped from the "Spokesman-Review," of June 11th, which show you all of the bank advertising of Spokane on that date.

This will give you an idea of the advertising run by our competitors, as well as our own, and we would be very glad to have your criticism of our advertisement in particular.

The advertisements referred to are all reproduced herewith. That of the Union Trust & Savings Bank unquestionably dominates the page. Of course, it occupied one of the largest spaces but a strong, well worked out layout like that is bound to attract attention even in small space. An artistic illustration of a portion of the bank's building, white space margin, strong border design and good readable type are the things that make the message of this advertisement effective.

In three of the advertisements, the institutions content themselves with giving little more than their report of condition, which in each case is satisfactory. We favor the plan of the Fidelity National Bank in having an interesting headline at the top and the bank's signature at the bottom. That is the principle carried out by most successful advertisers—both banks and others.

June 18, 1911. We are indebted to George R. Martin for a copy of it.

As that "Have You the Right to Ask?" ad. appeared in a Washington, D. C., paper, we presume that the picture is a correct representation of the way courting is done



Have You The Right to Ask?

Young man, are you so foolish, stupidly, that you have a right to ask any girl to become your wife?

Is it fair to her, or to yourself, to ask her to help bear the burden of poverty?

The husband is necessary for a proper start in married life, but can you show her that you have formed the habit of saving? Have you a savings account?

The young man who puts some part of his savings in the bank, each month is the safe young man. It is the thoughtful recommendation to his father, boss or a teacher and as a business man.

When you are ready to propose, your girl to share your fortune be prepared to show that you do not mean "deception."

Let us keep your savings in our bank. Open the account at once and add to it with every penny you can possibly spare.

Let the bank and we will help you build the future by paying you 3 1/2% per annum, compounded into six months.

MERCHANTS and MECHANICS SAVINGS BANK

Pa. Ave. & 20th St. Pa. Ave. & 10th St. Seventh & G St.

AS IT IS DONE AT THE CAPITAL

This is an interesting half-page ad. of the Seattle National Bank, appealing for Alaska business. It appeared in the Alaska edition of the Seattle Sunday Times

in diplomatic circles. The young man looks as if he had saved enough money to buy (or rent) a good dress suit anyway, so maybe he's thrifty, after all, and the girl

can accept him if she wants to and he really acts on Cupid's promptings and proposes to her.

John Ring, Jr., Advertising and Purchasing Agent for the Mercantile Trust Company, of St. Louis, writes:

We have been using three local papers on a campaign for four of our departments, viz.: Safe Deposit, Trust, Savings and Corporation Departments.

We have been running four ads. per day in each of these papers, and will continue to do so for a month. Each copy is changed every day. We believe that this is the most extensive local campaign ever carried on by a St. Louis financial institution.

At the same time that these ads. are appearing, we are sending out a large amount of letters, circulars and booklets to selected lists.

In sending out a booklet containing slips to be used by depositors in introducing new depositors to the bank, Walter E. Frew, president of the Corn Exchange Bank, of New York, writes to depositors:

Our bank has through the efforts of our depositors and our official and clerical force increased its net deposits to the sum of \$60,000,000, and I wish on behalf of the bank to thank you for the part you have contributed to this gratifying result.

Assuring you on our part, of a continuance of the same conservative policy that has characterized our bank since its incorporation in 1853, and our wish to retain your good will and helpful assistance in our further growth, I am, etc.

The booklet itself contains these introductory paragraphs:

Our business in the past has increased largely through the interest taken in us by our depositors. Thinking that you may have in mind at least one person who would care to open an account with us, we take the liberty of enclosing a few slips for that purpose. Anyone presenting one of these slips signed by you will receive our most careful attention.

We thank you in advance for any business you may send us, and trust that you will favor us with criticisms of any sort upon our methods. Such suggestions will be gratefully received.

John W. Wadden, vice-president of the Lake County Bank, Madison, S. D., writes:

Herewith you will please find for your inspection and criticism, a card which we are about to send out in view of our Twelfth Anniversary occurring on July 3d. Also statement



folder together with card covering our last statement of June 7th.

Trusting that the same may prove of some interest to you, I remain

The card contains these good paragraphs:

The Lake County Bank, organized Twelve years ago to-day as a small private institution; by adhering to Sound Principles of Banking and Constantly Exerting its Influence for the benefit of the Community, has enjoyed Remarkable Success and to-day stands among the Strongest Banks in the State of South Dakota.

THE RESULT

A Bank Strong in Resources, Conservative in its Management, Progressive in its Policy, with Ample Capital, Splendid Organization and a Flawless Record.

Always Loyal, Always Helpful, it has Served the Community Well, and it begins its Thirteenth Year, with the Assurance to its Friends and Patrons, that it is always Prepared to serve Them with the Greatest Efficiency in Anything Pertaining to Banking.

The Federal Safe Deposit Company, New York, early in the summer, sent out to its name list a postal bearing this message:

Let us take care of your

SILVERWARE

while you are away from home. Books, Records and Bulky Papers also Stored in our Fire and Burglar Proof

STORAGE VAULT.

Low Rates.

Absolute Security.

FEDERAL SAFE DEPOSIT COMPANY,

253 Broadway, New York.

Dear Sir:

The Seattle National Bank gives this good line of argument in one of its recent ads.:

The usefulness of the big bank of to-day is more widely appreciated than ever before. One of the chief functions of this bank is its ability to answer, intelligently, questions of immediate value. The Seattle National

Bank, because of its direct correspondents throughout the North Pacific States, is in constant touch with general business and crop conditions and the markets of this great section. We will be glad to talk over banking or business conditions with you.

"Be prepared for the next knock" reads the copy of that Roscoe, Pa., advertisement. Well, here it comes. The real headline of this ad. "Read! Reflect! Resolve!" is buried like the head of an ostrich in the sand. It should be where the name of the bank is and the signature should be at the

FIRST NATIONAL BANK
ROSCOE, PA.



Capital \$75,000
Surplus \$50,000

Read! Reflect! Resolve!

Every Accommodation Consistent
With Safe Banking Methods Ex-
tended To Our Patrons.

Read! Reflect! Resolve!

Opportunity often knocks at a locked door! A bank ac-
count is the key to most situations! Be prepared for the next
knock! We pay four per cent interest on all savings accounts,
compounded semi-annually.

This Bank's Money is All Secured By United States Bonds.

ANGEL NO. 179

bottom of the ad. The trite and awkwardly worded sentence—"Every accommodation consistent, etc." could be cut out and thus give room for a larger display of the figures of capital and surplus. But this ad. serves a useful purpose because it definitely identifies Opportunity as Angel No. 179. So be on the lookout for the angel wearing the badge with that number.

Several good bank bank "house organs" have been received, among them: "The

Marble Bank Monthly," the Union Trust and Savings Bank, Spokane, Wash.; "The Mingo County Bank Monthly," the Mingo County Bank, Williamson, W. Va.; "Progress," the Guaranty Trust & Savings Bank, Jacksonville, Fla.; "The Solicitor," Wachovia Bank & Trust Co., Winston-Salem, N. C.

Among the unusual bank statement and other folders that have reached our desk recently are these:

A specially drawn cardboard folder design for the Dexter-Horton National Bank soliciting requests for the brochure commemorating the forty-first anniversary of the foundry of the bank.

A Trade and Crop Bulletin of the Seattle National Bank compiled by W. S. Peachy, assistant cashier, and George R. Martin, publicity manager, giving a brief summary of the crop and trade conditions "in these North Pacific States of limitless resources, where opportunities are abundant for the investment of new capital, the building of more factories, and greater manufacturing industries—and for encouraging a larger migration of home-builders and tillers of the soil to this great section of the country."



GOOD ADVICE TO YOUNG BANKERS

THE writer has taken much good from the department of Banking Publicity as published in your magazine. No enterprising young bank man can afford to be without it.

With best wishes for your continued success, I remain

W. J. KOMMERS, Cashier,
Union Trust & Savings Bank, Spokane,
Wash.

NEW ORLEANS CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION

AS has been already communicated through these columns, the 1911 convention of the American Bankers' Association will be held in the city of New Orleans, La., the week of November 20 next.

General Secretary Farnsworth has recently returned from the South, having spent several days in New Orleans in inspecting the city and going over details relating to the projected convention, including its business and entertainment features, with the local committees which

have been appointed. The bankers of New Orleans are enthusiastic, and promise that the convention will in every way be most successful. The unbounded hospitality of the South warrants the fullest belief in this statement; and the attractiveness of the "Crescent City," which still retains its characteristic Creole life, insures a large attendance; in fact, the investigation made by the general secretary leads him to believe that there will be an extremely large convention.

New Orleans is now a modern city, with up-to-date office buildings, fine streets, modern sewage and water systems, parks and boulevards.

The St. Charles Hotel has been selected as headquarters. In addition to the St. Charles there are a number of other first-class hotels.

The general program as discussed by the local committees and the general secretary has been arranged as follows, subject to the approval of the administrative committee of the association:

All meetings of committees and sections will be held at the St. Charles Hotel while the convention will meet at the Athenaeum, which is a magnificent structure and well adapted for this purpose.

Monday, November 20.—Committee meetings and executive council meeting. Evening banquet tendered by the bankers of New Orleans to the executive council. The ladies will be entertained at a special evening reception.

Tuesday, November 21.—Association convenes at 10 o'clock and 2 o'clock. Fete Champetre at City Park and reception at

the Country Club at 8 o'clock p. m. Fireworks and illumination in the park and on the lakes.

Wednesday, November 22.—Meetings of trust company and clearing-house sections. Automobile rides throughout the city for the ladies and visit to the water works plant in special street cars in the afternoon. All parties to meet at Audubon Park at 4 p. m. to attend a polo game. Reception and ball at the French Opera House in the evening.

Thursday, November 23.—Meetings of savings bank and organization of secretaries sections. Visiting the harbor and excursion by boat to Reserve Plantation; lunch to be served on the boat or boats to be chartered, and return to be arranged from Reserve, La., by special train to be furnished by the Illinois Central Railroad Co. Invitations to all leading theatres in the evening.

Friday, November 24.—Second day's convention and executive council meeting. Entertainment to be left open to enable the bankers to entertain those of their friends who may be in the city.

AMERICAN LAND AND IRRIGATION EXPOSITION

NEW YORK'S FIRST BIG AGRICULTURAL SHOW TO BE HELD
IN MADISON SQUARE GARDEN, NOVEMBER 3 TO 11

GOVERNOR DIX of New York has signed the bill appropriating \$10,000, which enables the State Board of Agriculture to make exhibits of New York's horticultural and agricultural products at expositions. The bill making this appropriation was enacted primarily that New York State might not be conspicuous by her absence at the demonstration to be made by her sister States at New York's

first Land Show. This will be held in Madison Square Garden from November 3 to 12, under the management of the American Land and Irrigation Exposition, Arthur E. Stilwell, president, with offices in the Singer Building.

From President Stilwell's offices, Gilbert McClurg, general manager of the American Land and Irrigation Exposition, is literally stirring up the country. He



JAS. J. HILL AND L. W. HILL

CHAIRMAN AND PRESIDENT GREAT NORTHERN RAILWAY WHO GAVE \$1,000 WHEAT TROPHY.

realizes that the wealth of the city and the millions of immigrants annually coming into this port of New York, and the 7,000,000 of people within half an hour's ride of Madison Square Garden, should come into



A. E. STILWELL

PRESIDENT KANSAS CITY, MEXICO AND ORIENT RAILWAYS; PRESIDENT AMERICAN LAND AND IRRIGATION EXPOSITION; DONOR \$1,000 POTATO TROPHY.

closer relationship with the land of the country awaiting development, and because of this realization, New York is to have her first land show in Madison Square Garden the beginning of November.

When asked about the origin of the ex-



GILBERT MCCLURG

GENERAL MANAGER AMERICAN LAND AND IRRIGATION EXPOSITION

position, Mr. McClurg said: "As we looked from out the Singer tower at the big ships bringing in 300,000 farmers among the million immigrants annually arriving at this port, it seemed unfortunate that the larger proportion of them were attracted to the cities of our country by the magnet of high wage scale. Yet we realized that the crying needs of the West and the South demand that millions of men and money should go into the country to develop its idle resources, to finance the great irrigation and other land development plans, and Mr. Stilwell thought that systematic and progressive



SIR THOMAS G. SHAUGHNESSY

PRESIDENT CANADIAN PACIFIC RAILWAY, DONOR OF \$1,000 GOLD WHEAT PRIZE

effort should be made to induce these farmer immigrants, as well as the surplus population in congested towns, to settle on American farms and become independent home builders and better citizens.

"Our country has doubled in population in the last quarter of a century, and the immense incoming tide of immigration, together with the natural increase from births, will again double the population in another twenty-five years. How will this added population be sustained, and how shall we be able to supply food at low prices, unless this tide of increased population is turned back to the soil?

"Labor and capital can be secured on the Atlantic seaboard or in New York, by which to develop New England, the

Southern States and the far west. New England, for the first time, will make a showing of her agricultural products in New York at this exposition. When I called upon James J. Hill of the Great Northern Railroad, at his New York residence, Mr. Hill at once was impressed with the practicability of the suggestion, and directed that his great railroad system make a demonstration here of the products in its territory from St. Paul to Puget Sound.

"Advising with President Stilwell of the Kansas City, Mexico & Orient Railway, who had previously built a railway from Kansas City to the Gulf of Mexico, I found a New Yorker who had lived in and learned of the West and the South; who had planted an apple orchard twelve miles in length; who was the first man to begin the planting of rice under irrigation methods on a large scale in Texas; who had built up dozens of lively towns and cities, and who is now conducting large agricultural enterprises in the South and West, and Mr. Stilwell at once heartily backed the suggestion of a New York land show, gave it direction and enlisted the interest of financiers, farmers and railroad men to make it an unqualified success.



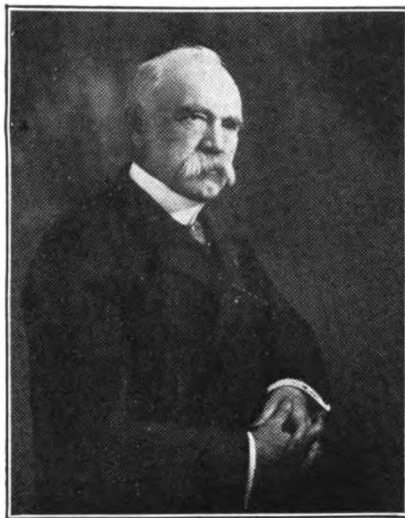
HOWARD ELLIOTT

PRESIDENT NORTHERN PACIFIC RAILWAY, WHO OFFERS \$500 GOLD FOR BEST APPLES

"When President Stilwell was told by the Country Department of the International Y. M. C. A. that it would like to encourage its Boys' Clubs to grow better potatoes and corn, he at once vouchsafed to pay the

railroad fares from anywhere in the United States for two boys raising the best corn and potatoes, to come to New York to view the exposition.

"Among the members of the advisory



COL. ROBERT THOMPSON

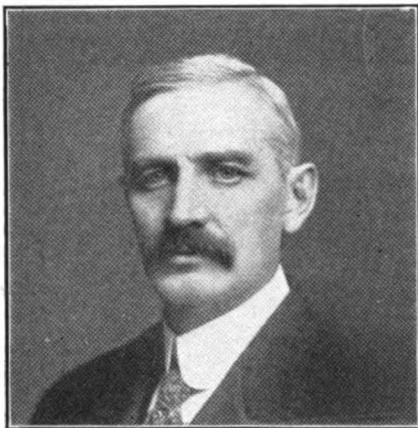
NEW YORK, DONOR OF \$1,000 COTTON CUP

and governing board controlling the exposition are some thirty governors of States, a number of United States senators, bank presidents, presidents of State universities and colleges of agriculture, President McCrea of the Pennsylvania Railroad and President Brown of the New York Central Railroad. No one better than President Brown—himself a farmer—recognizes the necessity of educating the people of this country to practice improved methods of agriculture. These must include scientific cultivation of the soil; application of lime where needed, intelligent uses of fertilizer, and rotation of crops. Thus our lands may annually continue to produce crops for a century, without diminution of yield.

"We shall give away the handsomest and most valuable prizes in the history of American agriculture, and the prize list now amounts in value to \$12,000. The remarkable creations of Luther Burbank and the educational exhibits along the lines of agriculture and horticulture should interest and astonish all New York. Visitors will come to see this show, not only from New England and New York State, but from all the States on the Atlantic Seaboard, and from most of the progressive commonwealths of our country."

The land exhibition will be a novelty for those who attend and they will find surprises on every hand. In the Arizona exhibit they will see almonds and dates.

Arizona is now commencing to rival the Orient in these products. Almost equally interesting will be the Florida exhibit. Florida was long celebrated for her oranges, but now the State has something



PAUL L. VAN CLEEVE
OF MONTANA, DONOR \$1,000 ALFALEFA TROPHY

in which she takes a far greater pride, her paper shell pecans. Experts say that her pecan industry returns the largest yield of any product of the soil. Some growers get as much as seven or eight hundred pounds of nuts from a single tree.

President Stilwell has given the exposition a five acre pecan grove in Leon County, Florida, to be awarded free by popular allotment to a lucky exposition visitor. He also has given a thousand dollar cup for the best potatoes grown in the United States.

The California exhibit will be one of the most noteworthy of all, for the California Development Board is fully alive to the national importance of this great agricultural and horticultural fair on the Atlantic seaboard. It has arranged to make a very full and complete showing of the State's achievements, especially in the unique plant creations of Luther Burbank. Among the wonders accomplished by this remarkable man there will be presented to New Yorkers for the first time his white and thornless blackberries and a special exhibit of 500 varieties of apples produced from a single tree.

Yet other Burbank prodigies of plant breeding that will be shown are grass trees, new rubber plants, the pomato (a cross between the potato and tomato that has been much talked about, but seldom if ever seen by New Yorkers), and the spineless cactus, a vegetable product of the West that Burbank has made through his great skill a food that is designed to afford both food and drink for cattle in desert countries.

Alaska is another section of the United States that sees in this big exposition many possibilities of pushing her interests. Her commercial clubs and her railway men have combined their forces and will send to the New York land show products that are certain to arouse widespread attention. Alaska's agricultural resources are, to say the least, scanty. Such as they are, they will be presented, but with them will be shown the other things that make Alaska a force and a coming great power in the national community of States. Chief of these exhibits will be \$100,000 worth of gold dust. This will be shown in a steel cage and kept under constant guard while on exhibition. There will be also a large and picturesque display of totem poles, Chilkat blankets, coal, copper and gold nuggets, furs and wild animal heads.

The exposition will have the finest apple exhibit of the world. This is said on good authority. Not long ago, President Bachelder of the National Grange and former Governor of New Hampshire, said jocularly at a meeting of the Commissioners of Agriculture of the New England States, that the best product of his State was men, but that, unfortunately, most of them had left for the big cities for other States. When rallied on this, he retorted that, after all, his State beat every other State of the Union as to apples.

This claim will be contested vigorously, however, at the land show. Not only will there be famous apples from New Hampshire, but apples from Canada, Virginia and Arkansas; from Oregon, Washington



ADOLPHUS BUSCH
ST. LOUIS, DONOR OF \$1,000 HOPS TROPHY.

and Colorado. There will be spirited rivalry on the part of the Northern Spy, the Spitzenbergs and Jonathans and the Newtown Pippins.

Great railroads are chief exhibitors. The

Great Northern, as before stated, will display the products of its territory, from St. Paul to Puget Sound, and the Pennsylvania and Long Island Railroads made arrangements long ago for good space in the centre aisle of the main floor. The Southern, Norfolk & Western and Norfolk Southern will vie with the Canadian Pacific, the Milwaukee & St. Paul and Northern Pacific. The L. I. R. R. experimental stations, in charge of H. B. Fullerton, will work hard to make a showing worthy of the Island. Mr. Fullerton says: "Apples, alfalfa, sugar beets, corn, oats, potatoes, wheat, can be grown to perfection on Long Island, and it is perfectly possible to win nine out of the eleven \$1,000 cups offered as prizes."

The Information Division of the United States Department of Commerce and Labor has written the directors of the American Land and Irrigation Exposition congratulating them on their plans and purposes, and remarking that the exposition will give an impetus to the work started by the Department of Commerce and Labor many years ago.

Last year, it is stated, 203,000 immigrants (aliens) left our shores for Europe, each carrying home an average of \$600, and presumably to invest this American-won money abroad. One of the objects of the exposition is to place before these people tangible evidence that their money can be profitably placed developing farms in this country.

ASKS BANKERS' AID

CONTROLLER of the Currency, Lawrence O. Murray, has asked bankers in thirty-two large cities to adopt the plan of having a clearing-house examiner. In a letter to the bankers the Controller says if he were to receive all the power for which he might ask, and if the State banking authorities were similarly equipped, the combination could not equal the efficiency of a clearing-house examiner as a force for sound banking.

In large cities, where the cost of such an examiner would be no burden upon banks, Controller Murray urges that the Clearing House Association employ such an official. In smaller cities he proposes a plan of co-operation between National and State bank examiners and the clearing-house associations.

"The banking power of the United States is now approximately \$21,000,000,000," says the Controller in his letter, "a sum greater than the combined banking power of the United Kingdom, Germany, and France. No stone ought to be left unturned to safeguard the handling of this great wealth. If we are to have supervision of banks at all let us have the best that can be had. And by all means let us have it in our reserve

cities. That supervision is not by the National examination and control; it is not by the State examination and control. It is the control of an efficient clearing-house association, and an efficient clearing-house examiner under the authority, and with the advice of a Clearing-House committee composed of the ablest and most experienced bankers."

Controller Murray asks the bankers addressed to communicate with clearing-house associations in New York, Chicago, St. Louis, Kansas City, St. Paul, Minneapolis, St. Joseph, Los Angeles, San Francisco, Milwaukee, Philadelphia, Oklahoma City, Nashville, or Cleveland, where the Clearing-House Examiner system has been adopted.

Thirty-two reserve cities are now without Clearing-House examiners. They are Boston, Albany, Pittsburgh, Baltimore, Savannah, New Orleans, Dallas, Fort Worth, Galveston, Houston, San Antonio, Waco, Cincinnati, Indianapolis, Detroit, Cedar Rapids, Des Moines, Dubuque, Sioux City, Lincoln, Omaha, South Omaha, Topeka, Wichita, Denver, Pueblo, Muskogee, Seattle, Spokane, Tacoma, Portland and Salt Lake City.

BANK MAINTAINS INFORMATION BUREAU

IN the Spring street lobby of the Security Savings Bank of Los Angeles a free information bureau is maintained for the benefit of the general public—not alone for patrons of the bank. A courteous attendant is always on hand, during business hours, to answer questions and to supply

the inquirer with literature for further information. The installation of this department was unique in banking. It is conducted solely for the public good and is absolutely devoid of commercialism. Inquiries by mail are answered as freely as those made in person.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE WASHINGTON TRUST COMPANY OF WESTERLY, RHODE ISLAND

ONE of the oldest banks in an old State is the Washington Trust Company of Westerly, Rhode Island. With capital of \$50,000 the bank was founded in 1800 as the Washington Bank—the third bank in the State to open its doors.

In 1865 the Washington Bank became the Washington National Bank, and in 1904 the bank became once again a State institution by organizing as a trust company under charter granted by the State.

The bank serves a varied clientele. Wes-

Other banks sprang up in Westerly after the fifties, and in 1900 eight banks, four national and four savings,—were doing business in the town. All eight have for one reason or another been liquidated, and the Washington Trust Company is now the only home bank. One of the Providence banks maintains a Westerly branch, but the Washington Trust Company is the only bank controlled and managed by Westerly men.

The company has a capital of \$200,000, surplus of \$300,000 and assets of \$4,700,000.



WASHINGTON BANK, 1856

terly is a town of some 12,000 persons engaged for the most part in manufacturing and granite quarrying. Westerly granite has for decades been known as the finest monumental and building stone that can be had.

Besides manufacturing cotton and woolen goods Westerly is the home of the Cottrell printing presses, very largely used by the big publishing houses in this country and abroad, and rapidly growing in favor by reason of their patent processes for printing several colors with one impression.

Another class of customers served by the bank are the shore colonists who come some three thousand strong to Watch Hill, Pleasant View and Weekapaug. They come from all parts of the country, especially the middle West. Watch Hill, Pleasant View and Weekapaug are all parts of Westerly, and the colonists do their buying and banking in the town.

Its business is not confined to the town but comes in generous measure from all parts of Rhode Island and eastern Connecticut.

The bank building—architecturally a Greek temple of the purest Doric style—is located in the main square of the town, and faces up the street leading from the station. The first impression of the stranger catching sight of the building is that by some miracle it dropped from the sky—or the acropolis—and by another miracle has been perfectly preserved.

This "temple" was built—of westerly granite—in 1836, and though it has several times been altered and added to, the front stands in its original purity. From the street the building does not show anything like its full depth nor its possibilities as a banking house. The length of the bank is 120 feet, and the rear seventy-eight feet do not show from the outside, nor from the main lobby since they are used for safe



BUILDING OF THE WASHINGTON TRUST CO., BROAD STREET, ERECTED 1836.

deposit and book keeping purposes and are separated from the rest of the bank.

The early history of the bank has some interesting aspects. Founded the year after Washington's death, the bank paid its first dividend on Washington's birthday, 1801, and from that day to this the stock dividends have been payable February 22 and August 22.

Dixon, succeeded him in 1842 and was president until 1881; and his son, Nathan F. Dixon, was president from 1890 to 1898. To make the succession the more noteworthy the three Dixons each in his day represented Rhode Island at Washington—the first and third in the Senate, and the second in the House of Representatives.

Upon the death of Thomas Perry in 1826, his son, Charles Perry, succeeded him as cashier. He was cashier of the bank for fifty-five successive years, and was president nine years.

Though chosen cashier when only sixteen years of age his character was so mature and his judgment of men and affairs so good, that from the beginning the directors found him a safe and capable banker.

In 1854 the Westerly Savings Bank was incorporated, and opened its office in the



BANK BILLS ISSUED BY THE WASHINGTON BANK, 1814 AND 1824.

The bank has an extraordinary record as regards tenure of office of its presidents and cashiers.

Thomas Perry was made cashier of the bank in 1805, and since that time he, and his son, and his son's son, and his son—the great grandson—have been the cashiers of the bank.

Nathan F. Dixon was elected president of the bank in 1830, and his son, Nathan F.



BANK BILLS ISSUED BY THE WASHINGTON BANK, 1847 AND 1852.

Washington Bank Building, where it carried on business during the whole of its existence. Charles Perry's brother, Simeon F. Perry, was its first treasurer and he held the position until 1902. In 1904 the Savings Bank joined the Washington Na-



CHARLES PERRY, SR.

CASHIER WASHINGTON BANK AND WASHINGTON NATIONAL BANK 55 YEARS, AND PRESIDENT 9 YEARS

tion Bank and formed the Washington Trust Co.

Charles Perry, by his wide interest in affairs and his executive ability left his impress strong upon the town, and in regard to both these men the public felt that they held the welfare of their banks above their own personal interests. This feeling of admiration for the unselfish zeal of the officers accounts in large measure for the growth made by both banks.

Similarly the prosperity of the Washington Trust Company was founded and is perpetuated by the general reputation the bank bears for maintaining the aims and the careful methods of previous generations.

In 1900 the interior of the bank was entirely remodelled by Irving & Casson of Boston. The rooms are finished in quartered oak stained dark and panelled high, with dark red walls, and ceiling of Italian design done in old ivory.

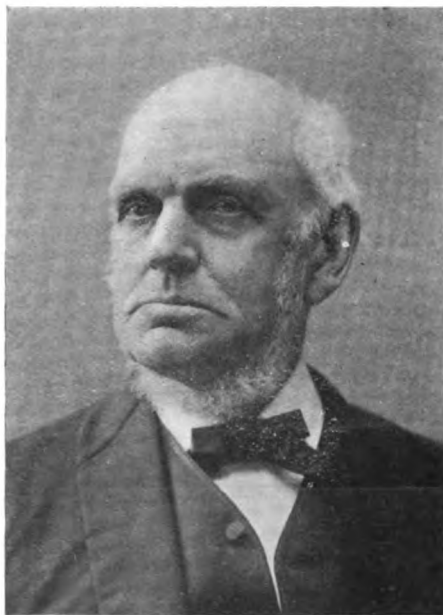
When the Trust Company was formed in 1904 the Westerly Savings Bank sold its securities to the Trust Company and with

the proceeds paid the depositors the amount of their deposits, amounting to \$2,000,000, plus a five per cent. extra dividend. Of course the majority of the depositors simply took a Washington Trust Company savings deposit book in place of their Westerly Savings Bank book, though cash was paid whenever it was preferred. At no time has the Trust Company suspended payment, or required notice of intention to withdraw funds. In the panic of 1907 the Washington Trust Company paid all customers in full upon demand, with the result that the demand was small and short-lived.

The savings department pays four per cent. interest, compounded semi-annually, and interest is allowed on checking accounts.

Business of the distinctly trust character came rapidly to the Trust Company and the management of its trust affairs is now an important part of the bank's work.

A board of directors—directors who di-



SIMEON F. PERRY

TREASURER AND PRESIDENT WESTERLEY SAVINGS BANK, 1854-1902.

rect—all men closely identified with Westerly affairs, shape the policy of the bank.

Charles Perry, cashier of the Washington National Bank after 1881, and president of the Trust Company since 1904, is the active head of the bank. Under his leadership the Trust Company has had a steady growth. Mr. Perry has inherited something, and earned more, of that implicit confidence accorded to his father, Charles Perry, and

his uncle, Simeon Perry. Much of his time has to be given to conference work with committees, with business men, and with men and women on all kinds of subjects. This is, perhaps, the usual thing with bank presidents, but Mr. Perry seems to be unusually sought after as an adviser on public and private questions. He is the

layers of cement and railroad iron, through which run electric wires which if touched set off an alarm outside the bank. The door of the vault weighs nine tons and is of course protected by the electric alarm system.

The safe deposit boxes are of the most approved style, and the vault is handsome



A VIEW OF THE BANKING ROOM, WASHINGTON TRUST CO.



DIRECTORS' ROOM, WASHINGTON TRUST CO.

Rhode Island vice-president of the Trust Company Section of The American Bankers' Association. Mr. Perry has two sons with him in the bank, Arthur L. Perry the treasurer, and Thomas Perry, the assistant treasurer.

The past year the bank has added fifty feet to the rear of its building to accommodate its growing business. The addition contains a burglar-proof safe deposit vault, modern in every detail of construction. The walls are of armor plate, surrounded by

in all its fittings. There are coupon rooms, where absolute privacy is insured for the customer. Across the corridor from the huge vault door opens a very carefully and tastefully appointed ladies' room.

It may fairly be said that the bank in its interior decoration and fittings lives up to the high standard set by the Grecian temple lines and proportions.

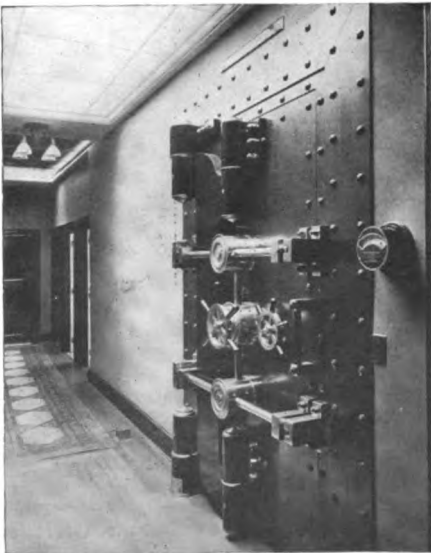
The Washington Trust Company is built to last. That is the impression the bank gives as a building and as an institution.

**CHARLES PERRY**

CASHIER WASHINGTON NATIONAL BANK, 1881-1904; VICE-PRESIDENT WASHINGTON TRUST CO., 1904-1906; PRESIDENT WASHINGTON TRUST CO. SINCE 1906

**CHAS. P. COTTRELL**

TREASURER OF THE C. B. COTTRELL & SONS CO. PRINTING PRESS WORKS; VICE-PRESIDENT OF THE WASHINGTON TRUST CO. SINCE 1906.



VAULT DOOR, SAFE DEPOSIT VAULT, WASHINGTON TRUST CO.



VAULT DOOR, SAFE DEPOSIT VAULT, WASHINGTON TRUST CO.

The building is symbolic of carefully moulded strength; the offices are equipped for a large increase of business; the officers are competent to handle the business for the good of the bank and the community.

And signs are not lacking of increase of business in Westerly. The Bradford Dyers' Association of Bradford, England, is now

Recognition of the growing importance of Westerly has just been made by the New York, New Haven & Hartford Railroad Company, which is enlarging its freight yards and building new freight and passenger stations. The improvement involves an outlay of \$300,000. Uncle Sam himself has taken notice of Westerly's growth and



LADIES' ROOM, WASHINGTON TRUST CO.



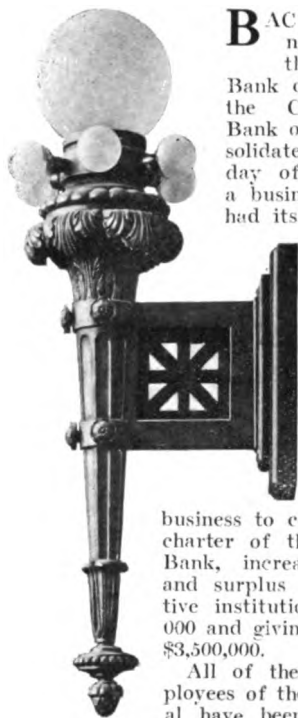
A CORNER OF THE BOOKKEEPERS' ROOM, WASHINGTON TRUST CO.

constructing on the banks of the Pawcatuck River, within the town of Westerly, its first unit in a dyeing and bleaching plant, which is expected to cost completed \$300,000 and to employ a thousand hands. The contract price for the first unit is about \$150,000. Additional units will be built as soon as the initial one proves its success. A switch from the New York, New Haven & Hartford Railroad Company tracks to the plant has been laid at a cost of \$60,000.

made an appropriation of \$100,000 for a new post office. Westerly is doing her part by building jointly with the State of Rhode Island a town hall and court house at an expense of \$125,000.

To this prosperity the Washington Trust Company has contributed its share and there is every reason to suppose that it will share in the prosperity to come just as any carefully managed bank prospers that builds on the sure foundation of the wise upbuilding of its home community.

THE FIRST NATIONAL BANK OF JOLIET, JOLIET, ILLINOIS



BACK of the announcement that the First National Bank of Joliet, Ill., and the Citizens National Bank of Joliet were consolidated on the ninth day of June, 1911, lies a business romance that had its beginning in the early sixties. The details of this consolidation, as announced in the July issue of the **BANKERS MAGAZINE**, provide that the Citizens' National Bank shall lose its identity, the

business to continue under the charter of the First National Bank, increasing the capital and surplus of that conservative institution to over \$400,000 and giving it assets of over \$3,500,000.

All of the officers and employees of the Citizens' National have been retained in the combination, the complete list of officers being as follows: President, George Woodruff; vice-presidents, F. W. Woodruff, A. H. Wagner, W. D. Moore, John K. Bush; cashier, Henry O. Wil-

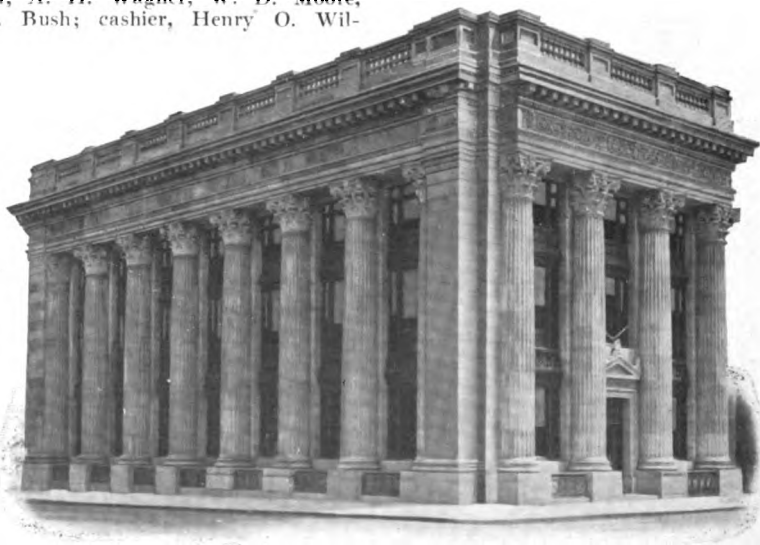
liams; secretary, George Erb; assistant cashier, A. J. Stoos.

Besides the retention of the officials and employees of the two banks, the directors of both have been retained in the new directorate, which is as follows: George Woodruff, F. W. Woodruff, Robert Pilcher, James Lyons, J. C. Beattie, M. W. Cushing, Andrew H. Wagner, William D. Moore, John K. Bush, J. E. Bush, G. W. Bush. Robert W. Pilcher has been made chairman of the discount committee of the First National Bank. All the stockholders of the Citizens' National Bank exchange their stock and become stockholders of the First National Bank.

In 1836, or perhaps a year or two later, the plans for the First National Bank had their first inception in the mind of its founder, George Woodruff, then twenty-four years old, who was attracted toward Joliet because it was then, as now, a center of waterway activity.

In 1857 he entered into the banking business in partnership with Frank L. Cagwin, S. W. Bowen and E. Harwood. Thus, the Joliet Bank, the predecessor of the First National, was launched.

Seven years after the organization of the Joliet Bank, August 1, 1864, Mr. Woodruff, with his son, Frederick W. Woodruff, J. E. Bush, William Tonner and J. F. Woodruff took out a charter for the First National Bank of Joliet. The National Banking law had just been passed by Congress, and this was one of the first banks



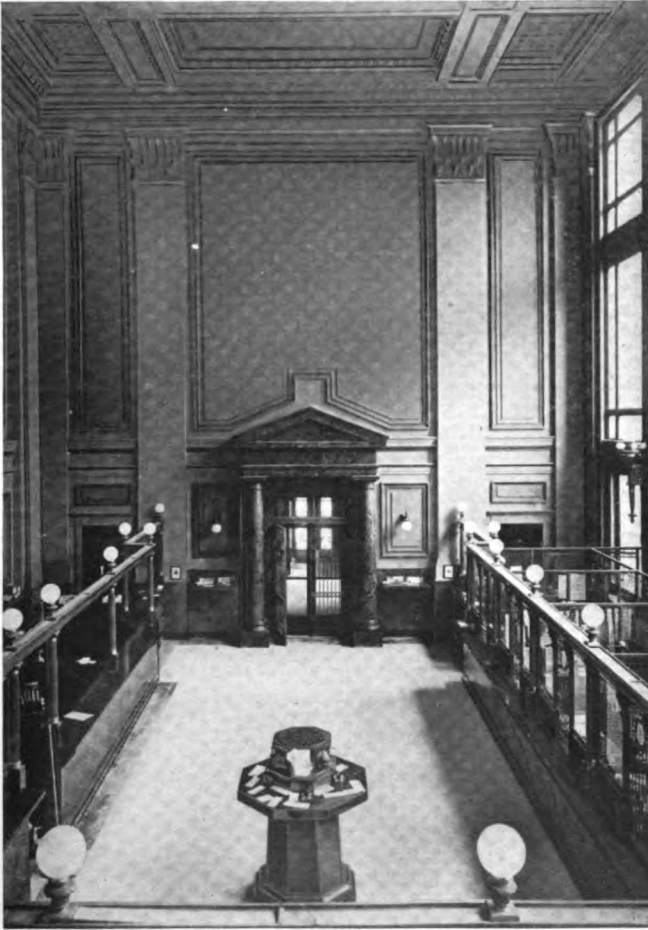
HOME OF THE FIRST NATIONAL BANK OF JOLIET, JOLIET, ILLINOIS

chartered. It was capitalized for \$100,000 and began business with George Woodruff as president and Frederick W. Woodruff, then twenty-three years old, as cashier.

In 1909, The Woodruff Safe Deposit Building, illustrated herewith, was erected to provide a commodious home for the First National Bank of Joliet. This is the

for banking purposes. There is ample room in which to handle the increased business which will surely come as the result of the recent consolidation.

Since the organization of the First National Bank of Joliet, the personality of the Woodruff family has been its characteristic feature. For eighteen years, from 1861



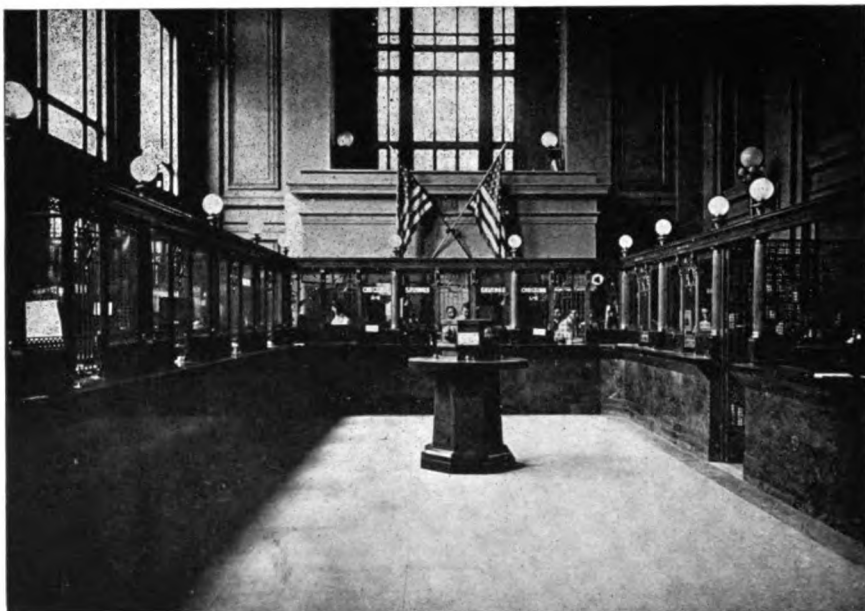
MAIN BANKING ROOM—VIEW FROM BALCONY

fourth home the First National has had since it was organized so many years ago. Each time it has moved there has been a genuine need of increased space for banking facilities.

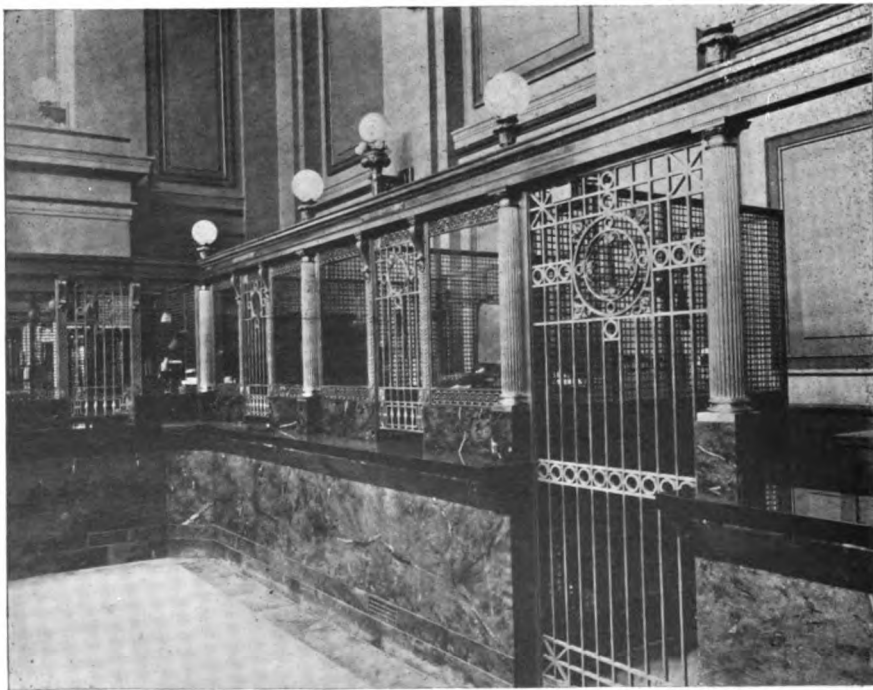
In recounting the history of this old conservative bank of Joliet, it is not practical to give much space to the detailed description of the new building, however, the accompanying illustrations show plainly that it is modern in every particular and that it is light, airy and conveniently arranged

until his death in 1882, George Woodruff was president, and his son, Frederick W. Woodruff, succeeded him in the years from 1882 to 1906. At the death of Frederick W. Woodruff in 1906, he was succeeded by George Woodruff, 2nd., whose ambition it has been to maintain the Woodruff policies in banking, the same as in the days when a sack of flour was charged direct to a customer's account.

During the last half century there have been associated with the Woodruffs many



MAIN BANKING ROOM—LOOKING FROM ENTRANCE



DETAIL OF COUNTERS

individuals whose names have become synonyms for honesty, integrity and faithfulness, and all that is best in human character. It was not until 1898 that the business grew to a point where the services of a vice-president became necessary, then E. C. Hagar was elected to that office. From the time of Mr. Hagar's death in 1892 until George Woodruff was raised from the position of assistant cashier to that of vice-president in 1904, the office was not filled.

tion of being the youngest national bank president in the United States. He entered the First National Bank of Joliet, Ill., in 1903 as assistant cashier, became a vice-president in 1904 and was chosen president in 1906. He was educated at Ann Arbor and at Yale, is a graduate of the Yale Law School and has been admitted to the bar. Mr. Woodruff has visited every country in North and South America, Europe and Asia, and has studied the financial systems



GEORGE WOODRUFF

PRESIDENT FIRST NATIONAL BANK OF JOLIET, JOLIET, ILLINOIS

When Frederick W. Woodruff became president of the bank in 1882, W. G. Wilcox was elected cashier. In 1891 he was succeeded by Andrew H. Wagner, who held the office of cashier until 1910, being then elected vice-president.

Mr. Wagner has been connected with the First National Bank during his entire life, having commenced with the bank when a boy and risen from the position of a messenger to a position very near the top of the institution.

George Woodruff, 2nd., at the time of his election to the presidency in 1906, was twenty-five years old, and enjoyed the dis-

of all of these continents. He is a director of a large number of corporations in and round Joliet, Ill.

F. W. Woodruff, 2nd., vice-president, has been a partner with his brother in practically all of his undertakings. He received the same broad banking education, attended college at the University of Pennsylvania, and afterwards studied in Europe. He has also studied banking conditions in practically every country in the civilized world. He is twenty-five years old at present, and is connected with a large number of business concerns in Northern Illinois.

In 1910 Wm. D. Moore, a well-known



ANDREW H. WAGNER
VICE-PRESIDENT



WILLIAM D. MOORE
VICE-PRESIDENT



JOHN K. BUSH
VICE-PRESIDENT



FREDERICK W. WOODRUFF
VICE-PRESIDENT



HENRY O. WILLIAMS
CASHIER



GEORGE ERB
SECRETARY



A. J. STOOS
ASST. CASHIER



PRESIDENT'S ROOM



OFFICERS' DESKS



LADIES' RETIRING ROOM



PUBLIC COMMITTEE ROOM



PUBLIC WAITING ROOM

and experienced banker of Bloomington, was made a vice-president of the First National Bank of Joliet, and toward the end of the same year Henry O. Williams, formerly sheriff of Will County, was made cashier.

William D. Moore, vice-president, began his banking career in Bloomington, Ill., as a boy, and during the past twenty years rose from the ranks to be a trusted employee of the People's Bank of Bloomington and afterwards cashier of the McLean Co. Bank of that city. In that position he developed the bank at Bloomington in a very short time and left his position to become vice-president of the First National of Joliet. He is in charge of the department of out-of-town accounts, and has extended the influence of this bank into every county in the State of Illinois.

John K. Bush, vice-president, was educated at the University of Illinois and entered the employ of the First National Bank of Joliet as an assistant cashier in 1909. In 1910 he was made cashier and in 1911 he was made a vice-president.

Mr. Williams began his career as a newsboy in Joliet, and finally became a clerk in a bank. During sixteen years of service he held all of the clerical positions and then retired to become sheriff of Will County. Upon the expiration of his term of office he was elected cashier of the First National Bank of Joliet. He is connected with a large number of organizations and institutions, and is in charge of the local business-getting end of the bank.

George Erb was elected assistant cashier early in 1909 and had served but a short

time when he resigned to become cashier of the Citizens' National Bank of Joliet, being succeeded by John K. Bush, who in turn was advanced to the position of cashier and later to that of vice-president. Mr. Erb got his first banking experience in the Loan & Homestead Association of Joliet, from where he went to the First National Bank as a bookkeeper, and after ten years' service became assistant cashier of this bank. In 1909 he resigned to become cashier of the Citizens' National Bank of Joliet and by the consolidation is now brought back with the First National Bank in the capacity of secretary.

A. J. Stoops, assistant cashier, got his first business experience while a young man in the dry goods business. Upon the organization of the Citizens' National Bank of Joliet, in 1902, he became connected with that institution, and for nine years has held various positions, finally being elected assistant cashier in 1910. Upon the consolidation of the banks, he was elected assistant cashier of the consolidated institution.

Since the establishment of the First National Bank of Joliet, Illinois, in 1864, its business has grown steadily bigger. The following comparative table of deposits is evidence of its Gibraltar-like strength:

Year.	Deposits.
1864	\$141,219.12
1874	209,384.78
1884	363,354.16
1894	467,923.93
1904	638,270.91
1911	1,947,339.68
Present deposits over	3,000,000.00

ARTISTIC BANK INTERIOR WORK

DESIGNED AND EXECUTED BY THE BANKERS BUILDING BUREAU
OF NEW YORK

LAST Fall the Scranton Savings Bank of Scranton, Pa., having grown to such an extent that its quarters were becoming cramped, appropriated approximately \$50,000 for improvements and alter-

aspect. Within, everything is new. Pavnazza marble has been lavishly used for trimming. It sets off to advantage the bronze screened steel counters and mahogany furniture that has been installed.



IMPOSING FRONT OF THE SCRANTON SAVINGS BANK, SCRANTON, PA.

ations and let the contract to the Bankers' Building Bureau of New York.

Early in the year the remodeled, refinished rooms were completed, the alterations having been accomplished in an incredibly short time.

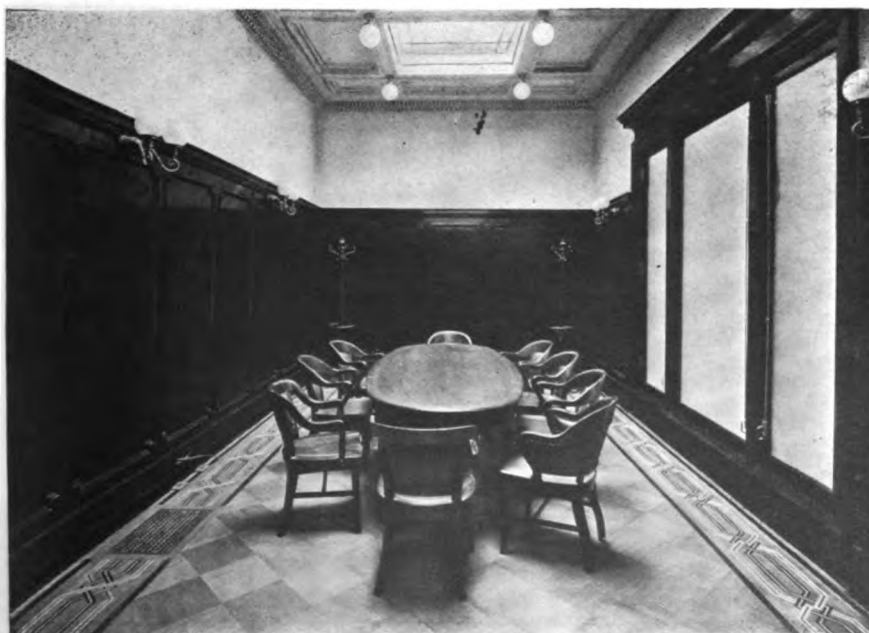
A new entrance faced with stately columns has completely transformed the exterior of the building, giving it an inviting

Without going to the expense of erecting a new building the Scranton Savings Bank has been able to secure the very finest equipment for a banking room that is artistic, convenient and roomy.

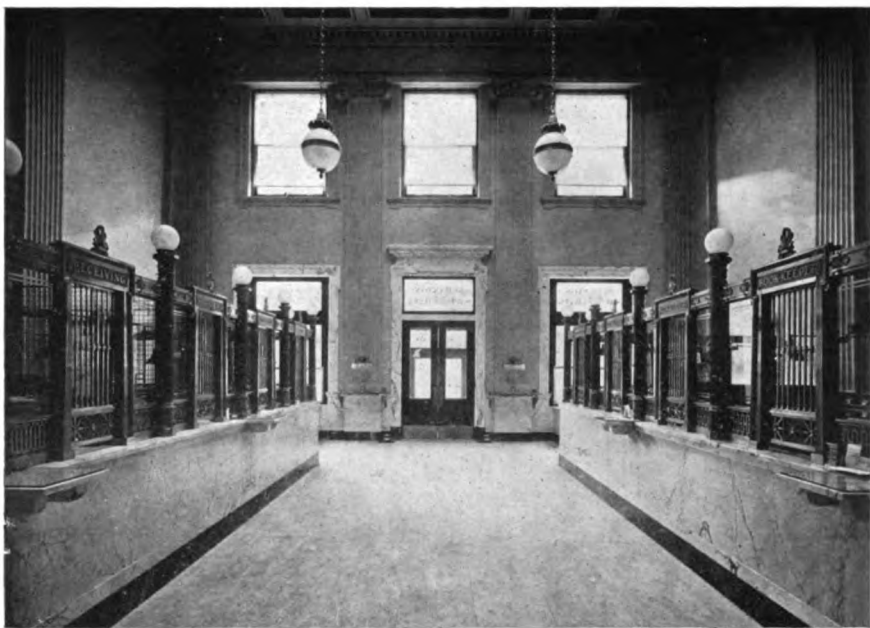
The directors' room, reproduced herewith, is treated in a finely grained mahogany and has an air of general richness. All of the check desks and other accommoda-



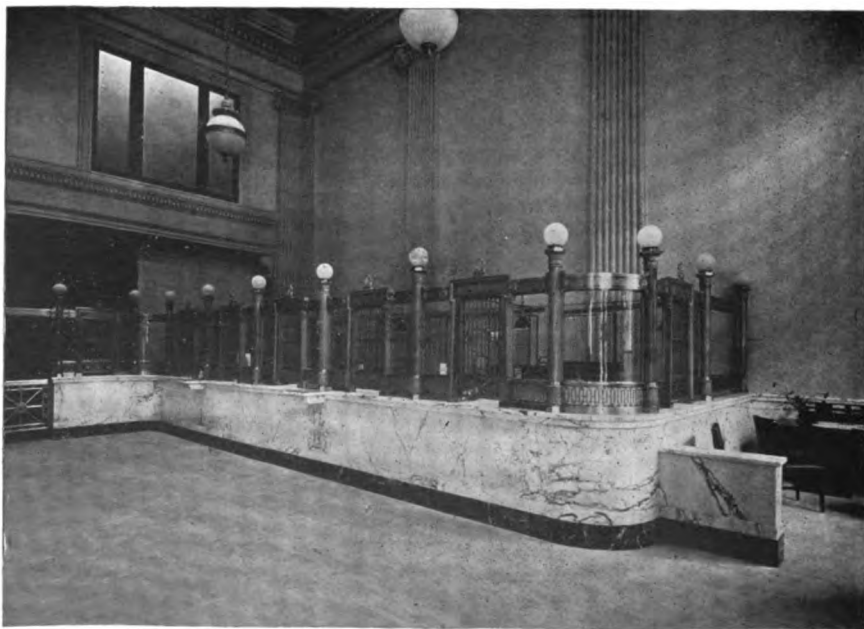
MAIN BANKING ROOM, SCRANTON SAVINGS BANK, SCRANTON, PA.



DIRECTORS' ROOM, SCRANTON SAVINGS BANK.



LOOKING TOWARDS THE ENTRANCE—SCRANTON SAVINGS BANK.



TELLERS' WINDOWS, SCRANTON SAVINGS BANK.

tions for the public are of the finest materials. The Veit Mfg. Company of Grand Rapids, Mich., and New York and the Canton Art Metal Co., of Canton, Ohio, two firms associated with the Bankers' Building Bureau, furnished the cabinet work and the steel and metal products.

The Bankers Building Bureau is engaged at present by half a dozen other institutions,

as follows: New Maiden Lane Safe Deposit Company, 170 Broadway, N. Y.; Paterson Savings Institution, Paterson, N. J.; Catskill National Bank, Catskill, N. Y.; South Norwalk Trust Company, South Norwalk, Conn.; Lambertson National Bank, Franklin, Pa.; A. I. Kass, Brooklyn Branch, Graham ave. and Siegel st., Brooklyn, N. Y.

WHEN BANK CLERKS ARE PUNCTUAL

NOT long ago an article appeared in these pages dealing with punctual attendance on their duties on the part of bank clerks. Portions of this article were reproduced in *The Bankers' Magazine* of London, with the following comment:

"Possibly too much importance may at times be attached to regularity in attendance. The clerks most regular in keeping the bank office hours are not necessarily the most competent. It may be that the late comers are particularly quick workers compared with their more punctual fellow clerks, and that although they spend less time at the bank, they nevertheless do much more work in the less time.

"Perhaps the following advice given to

American bank clerks may be considered superfluous in this country:

"As well as being on time in the morning, the bank clerk should strive to do his work with such accuracy and dispatch as to enable him to leave the bank promptly each evening."

"It may be asserted confidently that however unpunctual bank clerks may be in reaching their bank in the morning, they show a general desire to leave it in the afternoon at the earliest possible moment after official hours. In fact, some of them might be inclined to reply to admonitions relative to their unpunctuality in the morning, by pointing out that they made up therefor by endeavoring to be the first to leave in the afternoon."

NEW COUNTERFEITS

JOHN E. WILKIE, acting chief of the secret service bureau of the United States Government, has sent out the following warnings:

New counterfeit \$10 national bank note on the American Exchange National Bank of New York City. Check letter I; series of 1902; J. W. Lyons, Register of the Treasury; Charles H. Treat, Treasurer of the United States; charter No. 1394; bank No. 59151; Treasury No. T303124; portrait of William McKinley. This counterfeit is a photographic production on paper of good quality. The entire face of the note, including the numbering and seal, is sepia tint. The back of the note is yellow instead of green. This may have resulted

from an attempt to chemically change the original photographic tint.

New counterfeit \$5 national bank note. A poorly executed photographic reproduction of the \$5 issue of the Citizens National Bank of Albertlea, Minn., has been received. It bears check letter "G;" is of series 1902-1908; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; portrait of Harrison; charter number 6128; bank number 765, and Treasury number M-317537. Blue coloring has been applied to the seal and numbers with pen or brush. There is no silk in the paper, nor imitation of it. The counterfeit should not deceive anyone accustomed to handling money.

BANK DIRECTORS PRODDED

DIRECTORS of national banks who fail to hold meetings frequently and who give other evidences of a lack of personal interest in the affairs of their banks will hereafter find a national bank examiner overhauling their institutions at least four times a year.

Orders have been issued to all national

bank examiners to request banks in their districts to hold directors' meetings at least once a month, to maintain a discount committee, an examining committee, and to adopt a permanent system of approving loans and discounts. Those which refuse will be examined in the fashion adopted with banks which are considered unsafe.

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - - \$200,000
Surplus and Profits, \$61,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed.

Correspondence Solicited

Hungarian-American Bank.

Plans are at the point of consummation for the reorganization of the Hungarian-American Bank along lines which it is hoped will broaden its activities and aid it in taking a larger place in the field it was originally designed to fill. The bank is owned by two of the largest banks in Hungary and officials of these institutions, who have been in New York for some weeks, have concurred in the suggestion of New York interests that the bank be converted into a trust company and its capital increased. It only remains for the visiting bankers to report to their directors on the other side for the plan, details of which have been worked out, to be put into effect.

The first step in the new organization will be to carry out the purpose, announced in 1907, of increasing its capital. When in the summer of 1907 the bank opened in lower Broadway it had a capital of \$400,000, which its promoters announced would shortly be increased to \$1,000,000. Of the original capital, \$200,000 it was announced, had been subscribed by the Central Credit Bank of Hungary.

Union Bank of Chicago.

Stockholders of the Union Bank of Chicago at their special meeting authorized an

increase in that institution's capitalization from \$200,000 to \$500,000. The \$300,000 of new stock will be sold at \$130 a share.

Of the premiums of \$90,000 paid in, \$75,000 will go to surplus, bringing that item up to \$100,000, and the remaining \$15,000 will be added to the present \$25,000 of undivided profits, making the latter item \$40,000.

South Side Bank of St. Louis.

There was one change in election of board of directors of the South Side Bank at its stockholders' annual meeting held the middle of July, Walter R. Medart being chosen to succeed Charles C. Reuss, who held the position of second vice-president. The directors elected were Adolphus Busch, Henry Koehler, Jr., A. C. F. Meyer, August A. Busch, Charles Ehlerman, Jr., Joseph Pauley, F. Widman, Henry Menzenworth, Charles Schroeter, Walter M. Medart, Christopher W. Johnson.

The board met and elected officers as follows: Adolphus Busch, president; Henry Koehler, Jr., vice-president; A. C. F. Meyer, cashier; Otto J. Grossran and Charles T. Stiekle, assistant cashiers. This bank has a capital of \$200,000, with surplus and undivided profits of \$250,000.

New Directors in Exchange Trust Company, Boston.

The following have been elected members of the board of directors of the Exchange Trust Company of Boston:

Charles F. Proctor, treasurer of Morandi-Proctor Company; Charles H. Innes, direc-

The Albany Trust Company

ALBANY, N. Y.

ACTIVE and Reserve Accounts are solicited and interest paid on daily balances. Designated depository for reserve of New York State Banks and Trust Companies : : : : :

Capital and Surplus, \$725,000

THE UNION TRUST COMPANY OF PITTSBURGH

IS the strongest institution of its kind in the United States. Its surplus exceeds its capital 18 times. These wonderful results are due to the able management of its officers and directors, and the widespread confidence it has gained throughout the entire country.

OFFICERS

HENRY C. McELDOWNEY, <i>President.</i>	SCOTT HAYES, <i>Treasurer</i>
ANDREW W. MELLON, <i>Vice President.</i>	JOHN A. IRWIN, <i>Secretary</i>
JAMES M. SCHOONMAKER, <i>Vice Pres.</i>	WILLIAM I. BERRYMAN, <i>Trust Officer</i>

DIRECTORS

Edmund C. Converse	James H. Lockhart	H. C. McEldowney
John B. Finley	J. Marshall Lockhart	David E. Park
Henry C. Fownes	Thomas Lynch	Henry Phipps
William N. Frew	Andrew W. Mellon	Henry R. Rea
Henry C. Frick	Richard B. Mellon	William B. Schiller
Benjamin F. Jones, Jr.	Thomas Morrison	J. M. Schoonmaker
Philander C. Knox		George E. Shaw

Capital and Surplus **Twenty Nine Million Dollars**

Franklin National Bank

Capital
\$1,000,000

Surplus and
Undivided Profits
\$2,822,000



President
J. R. McALLISTER
Vice-President
J. A. HARRIS, Jr.
Cashier.
E. P. PASSMORE
Assistant Cashier
L. H. SHRIGLEY.
Assistant Cashier
J. WILLIAM HARDT
Foreign Ex. Dept.
WILLIAM WRIGHT
Manager

Invites the Accounts of Banks, Bankers, Corporations, Mercantile Firms and Individuals

Travelers' Letters of Credit and Commercial Credits Issued.
Foreign Exchange in all its Branches.

DIRECTORS

J. HAMPTON BARNES
SAMUEL T. BODINE
JAMES C. BROOKS
THOMAS DE WITT CUYLER
GEORGE H. FRAZIER
WILLIAM F. HARRITY
EDWARD B. SMITH

HENRY TATNALL
CHARLTON VARNALL
PERCY C. MADEIRA
ELLIS P. PASSMORE
J. A. HARRIS, Jr.
J. RUTHERFORD McALLISTER

FREDERICK L. BAILY
EFFINGHAM B. MORRIS
EDWARD T. STOTESBURY
HENRY C. FRICK
JOHN B. THAYER
MORRIS L. CLOTHIER
C. S. W. PACKARD

1869



1911

Mellon National Bank

PITTSBURGH

Direct, personal service is given each customer of this bank. The service is so flexible that it can be suited to the needs of the smallest country bank or the greatest metropolitan financial institution.

WE INVITE YOUR ACCOUNT

Capital and Surplus \$7,300,000

Organized as a patriotic duty

Continued in the interests of its depositors, stockholders
and the community

Conducted in accord with high standards of stewardship

THE

First National Bank

OF PHILADELPHIA

J. TATNALL LEA,
President.

WM. A. LAW,
1st Vice-President.

KENTON WARNE,
2d Vice-President.



THOMAS W. ANDREW,
Cashier
CHARLES H. JAMES,
Asst. Cashier
FREAS B. SNYDER,
Asst. Cashier
HARRY J. HAAS,
Asst. Cashier

Capital & Surplus, \$3,000,000

SOUND BANKING



GOOD SERVICE

Sound Banking Methods

It is our constant aim to conduct our business in a manner that will protect and insure every interest of our customers and the public.

If you desire to avail yourself of this kind of banking service, we would be glad to have you send us your Buffalo business.

WE INVITE YOUR ACCOUNT

BANK OF BUFFALO

BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, President
LAURENCE D. RUMSEY, Vice-Pres't

JOHN L. DANIELS, Cashier
RALPH CROY, Asst. Cashier

tor of the Boston & Alta Copper Company, Northwestern Metals Company; William H. Hill, director of the Boston Insurance Company, First National Bank, Eastern Steamship Company, Foster's Wharf Company, International Trust Company, Massachusetts Bonding & Insurance Company, Massachusetts Real Estate Exchange, Old Colony Insurance Company, Rand, Avery Supply Company; Isaac H. Locke, member of the firm of Isaac Locke & Company, director of the McDonald, Weber Company, president and director of Sulpho-Naphthol Company.

Bankers Have Outing.

One hundred and twenty bankers from New Hampshire, Vermont, Maine, Massachusetts and New York, members of the Northern Bankers' Association, gathered at Bretton Woods, N. H., on July 9 for the annual outing of the association. At a banquet at night the guests and speakers included: F. A. Crundall, vice-president of the National City Bank of Chicago; George D. McCausland, vice-president of the First National Bank of Boston, and Professor O. M. W. Sprague, of Harvard.

National Bank of Cohoes, N. Y.

George H. McDowell, the prominent knit goods manufacturer, has been elected vice-president of the National Bank of Cohoes, N. Y. He succeeds the late Thomas Breslin. Mr. McDowell entered the bank as a clerk and worked himself up through the various departments until his present promotion. He is also first vice-president of the Cohoes Savings Institution.

City National Bank of Omaha, Neb.

J. D. Utendorfer, formerly cashier of the Minnesota National Bank of Minneapolis,

has assumed his duties as assistant cashier of the City National Bank of Omaha. Walter H. Rhodes retired from the bank in June.

The City Savings Bank was converted into a national bank about two years ago, since which time deposits have increased to \$2,250,000 with about 2,000 commercial accounts and over 8,000 savings accounts.

The directors of the City National Bank and a few of their friends organized a company and built the first skyscraper for Omaha, naming it the City National Bank Building. The bank moved into these new quarters last November. It is capitalized at \$500,000.

Massachusetts Bankers' Association Convention.

At the annual summer convention of the Massachusetts Bankers' Association, held June 20 and 21 at the New Ocean House, Swampscott, Mass., E. Elmer Foye, vice-president Old Colony Trust Company of Boston, was elected president of the association for the ensuing year. Frank A. Drury, president Merchant National Bank of Worcester was elected vice-president;

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**E. ELMER FOYE**

VICE-PRESIDENT OLD COLONY TRUST COMPANY.
ELECTED PRESIDENT OF MASS. BANKERS'
ASSOCIATION

**FRANK A. DRURY**

PRESIDENT MERCHANTS NATIONAL BANK, WOR-
CESTER. ELECTED VICE-PRESIDENT MASS.
BANKERS' ASSOCIATION

**FREDERIC C. NICHOLS**

TREASURER FITCHBURG SAVINGS BANK. RE-
ELECTED TREASURER OF MASS. BANKERS'
ASSOCIATION

**GEORGE W. HYDE**

ASSISTANT CASHIER FIRST NATIONAL BANK,
BOSTON. SECRETARY MASS. BANKERS'
ASSOCIATION

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

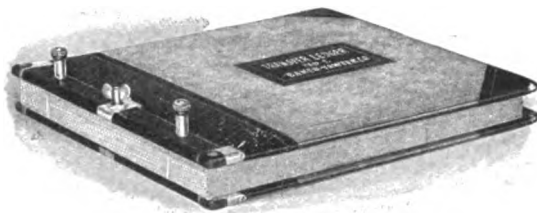
FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



Frederic C. Nichols, treasurer Fitchburg Savings Bank, Fitchburg, was re-elected treasurer, and George W. Hyde, assistant cashier First National Bank of Boston, was chosen secretary of the association. Hon. John W. Weeks was the honor speaker at the annual banquet. Congressman Weeks spoke interestingly and intimately of the currency problems that the National Monetary Commission has been working on for the past three years.

First National Bank of Denver, Colo.

Five new directors of the First National Bank of Denver, Colo., have been elected. They are, W. N. W. Blayney, Denver; A. B. Field, Sr., Denver; W. P. McPhee, Denver; J. K. Mullen, Denver; and M. D. Thatcher, Pueblo.

Mr. Thatcher is president of the First National Bank of Pueblo and of the Capitol National Bank of Denver. Another name may yet be added to bring the total directorate up to fifteen. The following directors were elected a month ago:

A. V. Hunter, Thomas Keely, Fred G. Moffat, Charles M. MacNeil, Gerald Hughes, J. A. Hayes, Charles Hayden, Charles Haughwout and Joseph C. Houston. Pueblo, Leadville and Colorado Springs are represented on the directorate.

Old Minneapolis Bank Enlarges Capital.

The Hennepin County Savings Bank, of Minneapolis, has arranged to increase its capital stock from \$100,000 to \$250,000 and its surplus from \$100,000 to \$250,000. The change will become effective September 1, on the forty-first anniversary of the bank. Stock will be sold to stockholders at par. The present quotation of the stock is \$250.

The bank was organized in 1870, and had deposits of \$5,098,941.78 at the time of the last call. It is the only savings bank in the city that does a commercial business, having

been formed before the State law, limiting the operations of savings banks, was passed. The institution is highly regarded in Minneapolis, as sound and conservative in every respect. It maintains its saving and commercial departments separately, and is in all respects both a commercial and a savings bank. W. H. Lee is president, and W. F. McLane, cashier. Mr. Lee has been associated with the institution for many years, and Mr. McLane has had extended experience with several of the larger national banks of the city, before coming with the Hennepin County.

ESTABLISHED 1845

National Bank of Virginia

RICHMOND, VA.

Capital	\$1,200,000.00
Surplus	600,000.00

Deposits OVER FIVE MILLION DOLLARS

WM. M. HABLSTON, President
JOHN SKELTON WILLIAMS, Vice-Pres.
WILLIAM T. REED, Vice-Pres.
W. MEADE ADDISON, Cashier
O. S. MORTON, Asst. Cashier
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D. R. FRANCIS, Vice-President E. B. CLARE-AVERY, Assistant Cashier
A. L. SHAPLEIGH, Vice-President J. P. BERGSE, Assistant Cashier
GEO. E. HOFFMAN, Cashier D. A. PHILLIPS, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00

Surplus and Undivided Profits \$1,850,000.00

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Designs Immense Steel Vault.

Frederick S. Holmes, bank vault engineer, of 2 Rector street, New York City, has been engaged to prepare plans and specifications for the new security vault of the Guaranty Trust Company of New York, which will be one of the largest, heaviest and most expensive vaults ever constructed. Mr. Holmes is also engineering the vaults for the new Bankers Trust building, the new Mutual Bank building on Thirty-third street, New York, Essex County National of Newark, N. J., Second National of Boston, Hartford National of Hartford, Conn., and the Commonwealth Trust Company of Boston. The recently completed safe deposit and security vaults for the Industrial Trust Company, of Providence, were also designed by him.

will receive a cash dividend of \$50 a share on their stock, and will receive in return for each share a share of Bankers Trust stock. The directors of the Bankers Trust Company have already agreed to the terms of the agreement and the proposition will soon be presented to the stockholders of both companies.

Pending the completion of the Bankers' Trust Company building in course of erection at the corner of Wall and Nassau streets the business of the Mercantile Trust Company will continue to be conducted at its present offices and under its present management.

The control of the Mercantile was accomplished through the purchase of the stock which the Equitable Life Assurance Society held in it up to about a month ago. This stock amounted to 12,941 shares.

Merger of New York Trust Companies Ratified.

Directors of the Mercantile Trust Company of New York voted to merge the Mercantile with the Bankers Trust Company. This makes the Bankers Trust the biggest corporation of its kind in the country, with deposits aggregating about \$160,000,000. By the terms of the agreement the stockholders of the Mercantile

BANK PICTURES

Large portraits of past officers, etc., made from any good photograph. Splendid for directors' room or bank offices. Write for particulars.

Oliver Lippincott, Photographer of Men
Singer Bldg., 149 B'way, New York
References—The Bankers Magazine



West Virginia Bankers' Convention.

The West Virginia Bankers' Association held their eighteenth annual convention at White Sulphur Springs July 10 to 12. Endorsement was given to the Aldrich plan with the modifications suggested by the Currency Commission of the American Bankers' Association. In this connection the bankers listened to an address on the plan by Senator Theodore E. Burton of Ohio. Charles E. Hogg, LL. D., Dean of the College of Law of the West Virginia University, also addressed the convention.

The election of officers resulted as follows: President, W. Wylie Beall, president of the Commercial Bank of Wellsburg; vice-president, Mason Matthews, president of the Bank of Lewisburg; secretary and treasurer, Joseph S. Hill, cashier of the City National of Charleston. The retiring president, James B. Oney, was elected vice-president for West Virginia of the American Bankers' Association. An elaborate banquet closed the convention.

Changes in Pittsburgh Banks.

Two interesting changes have taken place in the personnel of as many Pittsburgh

institutions. S. Clarke Reed, assistant cashier of the Peoples National Bank, has resigned that position to become vice-president of the Garland Corporation. Mr. Reed entered the Peoples National in 1898 and in the fall of the next year left to enter Princeton, but maintained his connection with the bank during vacations, and on graduating in 1902 again entered its service and in 1904 was appointed assistant cashier, which position he has since filled.

The other change was the resignation of Alexander Murdoch as assistant cashier of the First National to accept a responsible position with the American Water Works and Guarantee Company. He assumes the duties of his new position immediately.

Former U. S. Senator a Bank Director.

Former United States Senator Frank P. Flint, who for many years served on the board of directors of the First National Bank of Los Angeles, and who withdrew because his duties in the United States Senate might have seemed to interfere with his acting in both capacities, has been unanimously re-elected a director of the First National to fill the position made vacant by the death of the late Walter J. Trask.



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Capital	-	-	-	\$300,000.00
Surplus and Profits	-	-	-	375,000.00
Deposits	-	-	-	5,500,000.00

A. D. BISSELL, President
C. E. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

Anglo and London Paris National Bank.

Herbert Fleishhacker has been elected president of the Anglo & London Paris National Bank of San Francisco. He has been vice-president and manager of the bank, and succeeds Sigmund Greenebaum, for many years president of the London, Paris and American Bank, which merged with the Anglo-California Bank a couple of years ago, and the new organization nationalized.

Although only thirty-eight years of age, Mr. Fleishhacker is a most successful young business man. With his brother, Mortimer, he was in control of two big electric projects in the West, and lately



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sold them at a big profit, W. B. Hammond and associates having acquired one of the properties and Edwin Hawley and the Great Western Power Company the other. The Anglo & London Paris National has deposits aggregating \$25,131,246, and resources aggregating \$34,560,916.

vanced by stages to the position of assistant cashier.

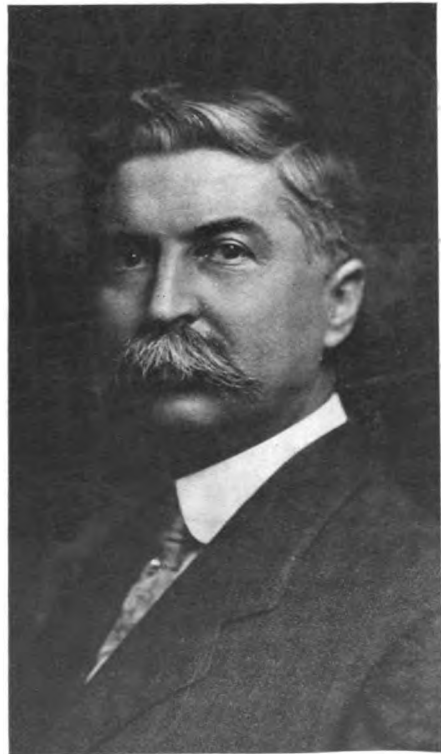
In 1902 Mr. Buder resigned his position with the then Mechanics National and organized the American Central Trust Company of St. Louis, of which he served as secretary. This company was absorbed by the Mercantile Trust Company in 1904 and

Lumberman's National Bank of Portland, Oregon.

The enlarged capital of \$1,000,000 of the Lumberman's National Bank of Portland, Oregon—increased from \$500,000—went into effect on July 1, the third anniversary of the conversion of the institution to the national system. E. G. Crawford, a director and member of the executive committee of the bank since the first of the year, has been made a vice-president. He will relieve the senior vice-president and active manager, John A. Keating, of some of the details in the management.

Mr. Edward Buder.

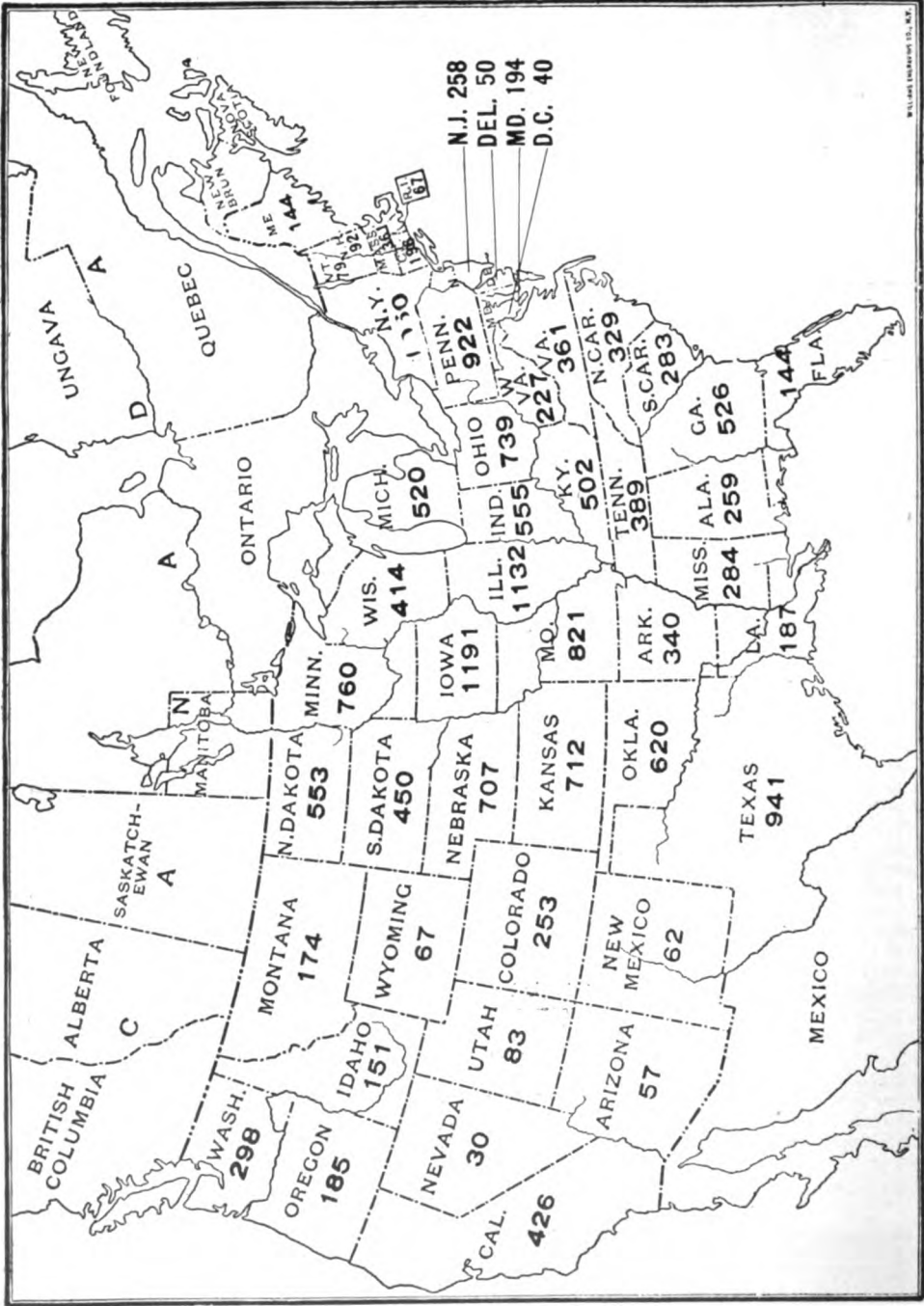
Edward Buder, the subject of this sketch, was born in St. Louis forty-eight years ago, and his whole life up to this point has been spent there. He started in business as an office boy for a prominent law firm at fourteen years of age, and later was employed by a mercantile firm. Starting as a messenger in the Mechanics Bank, he ad-



EDWARD BUDER

**TREASURER MERCANTILE TRUST COMPANY AND
CASHIER MERCANTILE NATIONAL BANK
OF ST. LOUIS**





MAP SHOWING DISTRIBUTION OF THE 20,000 GUARANTEED CIRCULATION OF THE 65th ANNIVERSARY NUMBER OF THE BANKERS MAGAZINE.

Sixty-Fifth Anniversary Number

OF THE Bankers Magazine

THE BANKERS MAGAZINE will shortly issue a special number to commemorate the sixty-fifth anniversary of the establishment of the Magazine in Baltimore in 1846.

In this day of short-lived publications, we believe that a record of sixty-five years of steady growth on the part of a magazine is an achievement well worth marking in a special way.

While our Sixty-fifth Anniversary Number, in addition to the many excellent regular features of the magazine, will contain several strong and interesting special articles, it will not be overloaded as special issues so often are.

One of the principal purposes of this anniversary number will be to call the attention of the bankers of the United States to what the magazine is doing (1) for sound currency, sound banking and sound finance ; (2) and in pointing out to banks ways for insuring greater economy and efficiency in management and in adding to their business and profits.

It is our purpose to place a copy of the Sixty-fifth Anniversary Number in the hands of every banker in this country and Canada.

The distribution of the 20,000 guaranteed circulation of this number is shown on the map on the opposite page.

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WINNIPEG
GLASGOW

Mr. Buder was made assistant treasurer. In 1907 he was elected treasurer of the Mercantile, which position he holds to-day. He is also cashier of the Mercantile National Bank of St. Louis, and is one of the best known bankers of his age in the great Southwest.

Employees' Savings Association.

Employees of the Continental and Commercial National Bank and the Continental and Commercial Trust and Savings Bank of Chicago have organized a savings association through the efforts of Miss Jessamine G. Hoagland, manager of the women's department of the latter bank. Among other special features of the association's by-laws there is a provision for a death benefit to which the bank contributes a substantial amount in addition. This unique organization combines the benefits derived from saving and fraternal insurance, affording also the advantage of short-time loans to its members.

The officers and directors are as follows: Harry M. Grut, president; Albert Martin, vice-president; F. C. Venables, treasurer; Chalmer L. Powell, financial secretary. Directors: Dan Norman, R. G. Danielson, A. K. Parker, Wm. W. Holmes, Harry L. McGregor, Wm. W. Hurley.

Growth of United States Trust Company of New York.

The United States Trust Co. of New York closed its semi-annual period of business with \$69,984,848 deposits in trust, \$86,817,247 aggregate resources and \$13,800,279 to the credit of its surplus and undivided profits on July 1. The July 1 dividend of \$500,000 was charged to profit and loss and not included in the statement. The company was chartered in 1853 and is one of the city's representative trust companies. The executive staff is Edward W. Sheldon, president; William M. Kingsley, vice-

president; Henry E. Ahern, secretary; Wilfred J. Worcester, assistant secretary; Charles A. Edwards, second assistant secretary. John A. Stewart is chairman of the board of trustees.

Lawrence L. Gillespie, With J. S. Bache & Co.

Lawrence L. Gillespie, vice-president of the Equitable Trust Company of New York will resign after a brief vacation to become a partner in the banking firm of J. S. Bache & Co. Mr. Gillespie has been active in the American Bankers' Association, being a member of its Executive Council, and in the Trust Company Section, having successively served as chairman of the Executive Committee and first vice-president, which office he now holds.

Central Trust Company of Illinois, Chicago.

William R. Dawes, cashier of the Central Trust Company of Illinois, at Chicago, has been elected a vice-president of the institution. He will hold the dual office of vice-president and cashier. The earnings of the institution for the fiscal year ended June 30 are reported as \$324,820 on its \$2,000,000 capital. During the twelve months the deposits increased from \$18,331,964 to \$21,764,989.

Changes in Memphis Banks.

M. S. Buckingham who had been president of the State National Bank and of the United States Trust & Savings Bank of Memphis, has been elected chairman of the board of directors of both institutions. George R. James has been made president of the respective banks. The full management of the State National now consists of M. S. Buckingham, chairman of the board; George R. James, president; Cyrus

Garnsey, Jr., and Frederick Orgill, vice-presidents; M. G. Buckingham, cashier, and R. T. Crenshaw, assistant cashier. In the United States Trust & Savings Bank Chairman M. S. Buckingham and President James are associated with W. H. Wood and M. G. Buckingham, vice-presidents, and W. N. Stephenson, cashier.

New England Trust Company of Boston.

George Wigglesworth has been elected a vice-president of the New England Trust

member of the Executive Council of the American Institute of Banking. Interest in Mr. Rosendale's candidacy is based upon something more than his charming personality, for the reason that he stands for systematic education as opposed to the loose lecture methods which have prevailed in past years and are still advocated in some chapters. There promises to be an interesting three-cornered fight at the Institute convention in Rochester September 7, 8, and 9, and while Mr. Rosendale's friends are confident of victory they realize that no walkaway awaits them.



WM. M. ROSENDALE

ASST. CASHIER MARKET AND FULTON NATIONAL OF NEW YORK

Co. of Boston. Theophilus Parsons and Franklin W. Hobbs have been added to the board of directors.

Rosendale, Candidate of New York Chapter A. I. B., for Place on Executive Committee.

William M. Rosendale, assistant cashier of the Market & Fulton National Bank, is the candidate of New York Chapter for

Organize New Trust Company in Houston, Texas.

An organization, to be known as the American Trust Co., is to be established at Houston. Officers for the proposed institution were chosen at a meeting on June 29, the management selected being as follows: Monta J. Moore, president; John H. Kirby, Dr. E. W. Brown, J. D. Hefley and M. P. Geiselman, vice-presidents; A. R. Sheffer, secretary, and M. B. Sligh, treasurer. It was at first intended to start with a capi-

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tal of \$500,000, but a resolution has been adopted under which the amount is to be increased to \$1,000,000. The company has secured the quarters formerly occupied by the Tinker Bank & Trust Co. and expects to begin business during the current month.

Oklahoma Banks Merged.

It is announced that the First National Bank of Tulsa, Okla., has been taken over by the Oklahoma National Bank of Tulsa. The business of the two institutions will be continued under the name of the First National, with Grant R. McCullough head of the Oklahoma National, as president. The latter bank changed to the national system from the Bank of Oklahoma several months ago.

J. G. White & Company, Ltd.

The annual report of J. G. White & Company, Ltd., of London, recently presented at the company's twelfth ordinary general meeting by its chairman, Mr. J. G. White, shows the phenomenal success of an engineering firm of American origin, though operating entirely as a British company. The English company is the direct outcome of the successful operations of J. G. White & Company, Incorporated, of New York in foreign territory. Organized in 1900, the English company was equipped to undertake the largest problems in the field of consulting, designing and supervising engineering and construction as well as the operation of public service properties and participation in financing such properties.

The English company has this year declared a total dividend of 12 per cent. on its preferred stock and 62 per cent. on its common stock, after which the net earnings for the year have been sufficient to write off the balance of "Purchase of Business" Account and increase the special reserve and surplus account to an amount equalling the total dividends paid. This has

been done after making ample provision for contingencies and without writing up the value of securities owned. Some of these securities have increased materially during the year, so that even greater profits were actually made, although not realized, and, consequently, not considered as earned. The market value of the ordinary shares, par value £1, has increased from £1 6s in 1906 to £7 4s in 1911.

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JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.

Importers and Traders National Bank of New York.

According to its statement of July 1, the Importers and Traders National Bank of New York has built up total deposits of \$27,129,312, a surplus of \$6,000,000 and now has total resources of \$36,205,599. On the same date the bank paid its one hundred and tenth dividend, amounting to \$180,000.

Record Growth of the Fidelity Trust Company of New York.

During the six months ending July 1 the Fidelity Trust Company, corner of Chambers street and West Broadway, New York, has increased its deposits to \$7,880,305, its

resources to over \$10,000,000, its capital and surplus from \$1,500,000 to \$2,000,000, and has been elected a member of the New York Clearing-House Association. The company commenced business during the panic year, and has been doing well since its inception, May 22, 1907. Besides the regular dividends for the year 1910, the institution paid stockholders an extra two per cent. dividend. Samuel S. Conover is president.

Mobile Banks Consolidated.

The Central Trust Co. of Mobile, Ala., was consolidated on July 1 with the City Bank & Trust Co. of Mobile. The Central Trust Co. was organized in 1902 and had a capital of \$250,000 and deposits of about \$660,000; its entire business is taken over, its discontinuance, it is stated, being due to the desire of its officers to retire from the banking field. The City Bank & Trust Co. was also established in 1902, and succeeded to the business of the City National Bank. It has a capital of \$500,000; its surplus and profits exceed \$500,000, and its deposits prior to the consolidation just announced were in the neighborhood of \$3,400,000. E. J. Buck is president of the City Bank & Trust Co. and George A. Tonsmeire is cashier.

Boise City, Idaho, Bank Changes Name.

The management of the Bank of Idaho at Boise City, Idaho, has decided to increase its capital from \$100,000 to \$200,000 and to change its name to the Pacific National Bank. Both propositions have received the approval of the stockholders. It is stated that the institution is unable with its conversion to make use of the name under which it now operates because of its similarity to the titles of other banks of the city. H. B. Eastman has been chosen as president of the reorganized bank, R. F. Buller having retired from the presidency. The institution was established in 1908.

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The Crown City National Bank of Pasadena, the Crown City Savings Bank and the American Bank & Trust Co. of Pasadena have entered into arrangements whereby the national bank takes over the commercial business of the other two institutions, and the American Bank & Trust Co. will operate the savings business.

Los Angeles A. I. B. to Erect Own Building.

Los Angeles Chapter American Institute of Banking holds or, rather, will hold the unique distinction of being the only chapter to have built its own exclusive home.

Ground has already been broken, and it is expected that by the first of October the chapter will be safely ensconced in their new quarters. It will be a three-story building, with assembly room, gymnasium, library, dormitories, tennis courts, etc. It will be erected at a cost of \$40,000, and when completed will be an ornament to the city. The membership has rapidly in-

creased in the chapter, and by the time the club house is finished it is expected to number 600.

Employees of Marine National Bank of Buffalo Entertained by President Clement.

One hundred employees and officers of the Marine National Bank of Buffalo were the guests July 4 of President and Mrs. Stephen M. Clement at their summer home in East Aurora, N. Y. The party arrived on a special car early in the forenoon, being met at the train by automobiles, carriages and hay racks, which took them to the Clement farm southwest of the village.

The celebration was made the occasion for presenting to Thomas L. Jewett a check for \$5,000, voted by the bank's directors in recognition of forty years of faithful service in that institution. Mr. Jewett entered the employ of the Marine National Bank in 1871, when he was one of six employees. Mr. Jewett was also remembered by his fellow-employees, who presented him with a silver loving cup filled with orchids from the greenhouse of John J. Albright.

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} Assistant
Cashiers

Earned Surplus, \$1,000,000.00

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FIRST NATIONAL BANK

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in management, progressive in policy**

OF RICHMOND, VIRGINIA

Mr. Clement made the speech in presenting the check to Mr. Jewett, who responded in a few heartfelt words. Mr. Clement referred to the fact that Mr. Jewett had seen the bank's resources increase from \$1,500,000 to \$33,000,000 and had witnessed and had a part in many other changes during the institution's growth.

The loving cup was presented with a speech by Percy W. Darby, manager of the safe deposit department of the bank.

A program of outdoor sports made up the morning entertainment. After luncheon the guests inspected the farm, returning in a special car to Buffalo at 5.14, having had a thoroughly enjoyable day.

Guaranty Trust Company of New York.

A regrettable error crept into the item regarding the Guaranty Trust Company of New York, published in the July **BANKERS**

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The book should be in the hands of every one actively connected with a bank—Officers, Tellers, Bookkeepers and general Clerks—and every man should have a copy for his own use.

No bank, be it large or small, in city or country village, old established or just beginning business, can afford to be without **PATTEN'S PRACTICAL BANKING.**

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The Bankers Publishing Co.
253 Broadway - - - New York, N. Y.

IMPORTANT ANNOUNCEMENT

THOMAS BRUCE BOYD Bank Equipment SPECIALIST

140 West 42d Street, New York City

Plans, Specifications and Superintendence of Construction.

15 Years' Experience

MAGAZINE. The deposits of this, the largest trust company in the world, are \$163,000,000, instead of \$14,000,000, as erroneously reported last month. Since June 7 of this year the deposits have increased \$18,000,000.

Connecticut Bankers' Association Convention.

Perfect weather attended the sessions of the twelfth annual convention of the Connecticut Bankers, held at the Griswold, New London, June 28 and 29.



JOSEPH H. KING

PRESIDENT AMERICAN NATIONAL BANK, HARTFORD. ELECTED PRESIDENT CONNECTICUT BANKERS' ASSOCIATION

The nominating committee, consisting of A. Spencer, Jr., George N. Williams and C. W. Gale, submitted the following names for officers of the association for the ensuing year, and they were unanimously elected.

President—Joseph H. King, president American National Bank, Hartford.

Vice-president—C. Leslie Hopkins, cashier First National Bank, Norwich.

Secretary—Charles E. Hoyt, treasurer South Norwalk Trust Company.

Treasurer—Wm. H. Reeves, cashier National Bank of Commerce, New London.

Executive committee—O. H. Brothwell, cashier First-Bridgeport National Bank;



C. LESLIE HOPKINS

**CASHIER FIRST NATIONAL BANK, NORWICH.
ELECTED VICE-PRESIDENT CONNECTICUT
BANKERS' ASSOCIATION**

H. V. Whipple, cashier Merchant National Bank, New Haven; F. S. Chamberlain, cashier New Britain National Bank; H. C.



CHARLES E. HOYT

**TREASURER SOUTH NORWALK TRUST COMPANY.
RE-ELECTED SECRETARY CONNECTICUT
BANKERS' ASSOCIATION**



W. M. H. REEVES

CASHIER NATIONAL BANK OF COMMERCE, NEW
LONDON. ELECTED TREASURER CONNECTI-
CUT BANKERS' ASSOCIATION

Lathrop, cashier Windham National Bank,
Willimantic; W. H. Phelps, cashier Hurl-
burt National Bank, Winsted.

Death Calls Veteran Banker.

George W. Scott, aged 78 years, the old-
est banker in Stark county, Ills., died at
his home in Wyoming, Ills., June 28, fol-
lowing a prolonged illness. He was senior
partner in the bank of Scott, Walters &
Rakestraw.

Mr. Scott was born in Fredonia, N. Y.,
July 21, 1832, and soon afterward moved
to the old home of the family in Belcher-
town, Mass. In 1851 he removed to Illi-
nois, and in 1870 in partnership with the
late John Wrigley formed the banking firm
of Scott & Wrigley. Under his able man-
agement the bank grew to be one of the
strongest financial institutions in this part
of the State. It will continue under the
present name and interests.

New Trust Company in Lincoln, Neb.

Articles of incorporation of the First
Trust Co., of Lincoln, Neb., have been filed
with the Secretary of State by stockholders
of the First National Bank of Lincoln,
with an authorized capital of \$100,000, of
which \$50,000 is paid in. S. H. Burnham,
A. J. Sawyer, Paul Holm, H. S. Freeman,
and F. M. Hall are the incorporators. The
company is organized under the law of the
1911 legislature, providing for the forma-
tion of trust companies and prohibiting the
use of the word "trust" in the title of any

concern not created in accordance with this
statute. The first Trust and Savings Bank,
also owned by stockholders of the First
National has amended its articles so as to
drop the proscribed word. It is hereafter
to be known as the First Savings Bank.

Central Trust Company of New York.

This progressive trust company reports
resources of \$111,182,408, a surplus of \$15,-
000,000, undivided profits of \$1,233,046, and
deposits of \$91,549,471. These figures rep-
resent a marked improvement over the prior
statement.

CANADIAN NOTES

Canada Has a New Trust Company.

The Prudential Trust Company, of To-
ronto, with a capital of \$1,500,000, and
headed by some of the most distinguished
business men of Canada and England, have
secured suitable quarters for the inaugura-
tion of its business and will open for pat-
ronage in the very near future. Lieut.-Col.
Jeffrey H. Burland, of Montreal, is to be
president; George H. Balfour, general
manager of the Union Bank of Canada at
Quebec; W. R. Allen, of Winnipeg, and
B. Halbrown, of Montreal, are to be vice-
presidents, and B. Halbrown, general man-
ager. The London Board of Directors,
which is to be a special one, will have the
right Hon. Lord Furness, of Grantley, for
its chairman. The Toronto Board will be
composed of representative business men
who will be assisted in their direction of
affairs of the company by a special To-
ronto board to be composed of William
Stone, a director of the Bank of Toronto;
Col. James Mason, general manager of the
Home Bank of Canada; Edmund Bristol,
K.C., M.P., and a director of the Murray-
Kay, limited, and W. J. Green, managing
director of the Canadian Debenture Corpo-
ration.

Canada's Bank Statement.

Canada's bank statement for the month
of June shows total demand and notice de-
posits of \$874,672,408, an increase of four-
teen and one-quarter millions over the
previous month; total liabilities of \$1,101,-
875,234, an increase of 30 millions over
May; notes in circulation, \$90,202,838, an
increase of three millions; call and short
loans elsewhere than in Canada (meaning
generally in the United States), \$97,865,400,
an increase of nine millions; current loans
elsewhere than in Canada, \$33,557,617, a
slight increase; current loans in Canada,
\$717,869,386, an increase of nine millions;
total assets, \$1,302,131,886, an increase of
32 millions.

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH. PA.

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

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D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,330.92

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

Toronto Bank to Raise Capital to \$5,000,000.

There is probably no bank in Canada enjoying a more favored or reliable business than the Bank of Toronto. This institution, under the presidency of Mr. Duncan Coulson, who, associated with an experienced staff of officials, has widened its trade connections, not only in this country, but abroad, and as a result the bank is compelled to provide for this growth and to place itself in a position to expediently handle its augmenting business.

The statement is made that the Bank of Toronto will increase its capital from \$4,000,000 to \$5,000,000, thus giving additional financial strength to an already strong institution.

The capital authorized is \$10,000,000, of which amount \$4,000,000 is subscribed and every dollar of it paid up.

Canadian Bank of Commerce.

The directors of the Canadian Bank of Commerce have been forging ahead lately. They have added \$1,000,000 to the rest account, and have decided to issue 40,000 shares of new stock, with a par value of \$2,000,000 at 180 to shareholders on record May 17.

A New Bank.

The Banque Internationale du Canada will commence business during the month of July. A meeting of shareholders was held recently, at which Mr. Rodolphe Forget, M. P., was elected president and Mr. Robert Bickerdike, M. P., vice-president.

Of the \$10,000,000 capital, France has subscribed \$7,675,000 and Canada \$2,325,000. The first instalment is all paid, with the exception of \$1,950, which represents that due by five shareholders.

The other directors are Mr. Chomereau Lamotte, officer of the Legion of Honor, Governor of the Bank of France, etc.; Mr.

Raoul Sautter, Commissioner of the Bank of Paris and Pays Bas, etc.; Mr. George Martin, Chevalier of the Legion of Honor, President of the Commission de Controle du Comptoir National d'Escompt de Paris, etc.; Mr. Stanislaus Badel, banker, and Hon. L. O. Taillon, Sir George Garneau and J. N. Greenshields, K. C.

Banque d'Hochelaga.

Col. C. Smart has been chosen to succeed Robert Brickerdike, resigned, as a director of the Banque d'Hochelaga. Col. Smart is president of the National Securities, Ltd., and president of the Smart Bag Co. and the Maritime Fish Corporation.

Dominion Bank Report.

The semi-annual statement of the Dominion Bank has just been issued. The net profits for the past six months were at the rate of 16.65 per cent. per annum, as against 16.35 per cent. last year. Deposits increased over \$3,000,000 and total assets, which are now \$63,900,000, show an increase of over \$2,700,000.

In the matter of reserve the bank maintains an exceptionally strong position, the readily available assets being \$25,907,574, against liabilities to the public of \$54,254,955, a ratio of about forty-seven per cent.

The statement of the business of the bank for the six months ended June 30 is as follows:

Bal. of profit and loss account,	
Dec. 31, 1910	\$305,067.56
Profit for the six months ended	
June 31, 1911, after deducting	
charges of management, etc.,	
and making provision for bad	
and doubtful debts	333,080.37
Total	\$638,147.93
Dividend 3% paid April	
1, 1911	\$120,000
Dividend 3% payable July	
3, 1911	120,000 240,000
Bal. of profit and loss carried	
forward	\$398,147.93

The Home Bank of Canada.

The Home Bank of Canada has a noteworthy annual statement to submit for its fiscal year ending May 31, 1911. It has to report an increase of nearly one million dollars in deposit accounts, and the other features of the report show a proportionate increase in the amount of Home Bank bills in circulation and in the total assets of the Home Bank.

The Home Bank has an historic association in Toronto. Mr. O'Keefe stated at the annual meeting that he had known it for fifty-five years. He began his business career as a junior clerk in the institution, then called the Toronto Savings Bank, and he is to-day the president of the Home Bank. It is an institution in which is preserved the methods of the older school of finance. The general manager, Colonel James Mason, was appointed to a position of responsibility in the institution by head masters of a school of finance past and gone in Toronto. As a young man Colonel Mason was selected by Mr. Eugene O'Keefe and the late Sir Frank Smith to manage their interests in the institution which is now the Home Bank. In the past six years, from which time may date bank expansions in Canada, the Home Bank has increased its number of shareholders by more than four times, its circulation by between four and five times, its deposits by more than twice, and its assets by nearly three times.

Before the Home Bank started expanding it had only three offices—all in Toronto—now it has seven offices in Toronto and twenty-six branches in Ontario and the West.

To the public the most noteworthy feature of the Home Bank's report is its increase of two and a half millions in deposits since 1909, and its list of shareholders has advanced, in the same time, from 889 to 1,630, or nearly double.

BOOK REVIEWS

HOW TO LIVE IN THE COUNTRY. By E. P. Powell. Outing Publishing Company, New York: Price \$1.75.

A book that tells how to combine happiness and profit in country living, written by a man who has lived in the country, north and south, and has tested to the full the delights and opportunities of life near to Nature. It is an extremely practical book for any man who wants tried and proved advice about lawn, garden and shrubbery, and an inspiring exposition of country living as a whole.

BOOKS RECEIVED

THE CURRENCY TRUST CONSPIRACY. By Flavius J. Van Vohris, M. D., LL. B. Indianapolis, Ind.: C. E. Pauley & Co. (Price, \$1.60.)

WITH BANKERS MAGAZINE ADVERTISERS

THE VALUE OF GOOD OFFICE EQUIPMENT

THE A. H. Andrews Company of Chicago, manufacturers of fine fixtures for banks and public buildings, have issued an interesting book containing illustrations of their work and a partial list of banks and public buildings equipped by the company.

The spirit of this house seems to be covered by this paragraph from the introduction of the book:

Time was when the various fixtures and decorations of the bank or office interior were obtained from a number of sources, bringing together an incongruous mass, pleasing to the customer temporarily, perhaps, because it was as good as his neighbor's, but altogether inferior and unsatisfactory when compared to the results of the modern method. Now, an experienced artistic mind conceives, arranges, shapes and colors, every visible item of an office interior, creating a harmonious whole. The Andrews designs have character and individuality.

PRACTICAL NOVELTIES

F. LEWALD & Co., of Nos. 185-191 Adams street, Chicago, are manufacturers of some very practical novelties which are being used to advantage by many banks as advertising mediums. Among the articles are: The "Itsoezie" Chain Tax, corn scraper and holder, tie rack, suit hanger and collar and cuff buttoner. This firm gives its idea of a good advertising novelty as follows:

One which constantly reminds the recipient of you.

One which is a novelty that is useful.

One that is welcome.

One that will not wear out.

One that is constantly used.

One that denotes stability.

One that you need not be ashamed to give to any one—rich or poor.

One from which your ad. cannot be removed.

One which is a convenience.

One which can conveniently be carried in the pocket.

One which is good for man or woman.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR

SEPTEMBER, 1911

VOLUME LXXXIII, NO. 3

POLITICS VS. BUSINESS

AGITATION of one kind and another is indisputably having a chilling effect upon business. Whatever benefits may finally flow from this agitation, it would seem that the country is being treated to a pretty large dose of reform remedies within a short space of time.

The special session of Congress, called for the purpose of passing the Canadian reciprocity measure, went into a wide consideration of the tariff. Although the reciprocity measure is popular, the country might have waited for it until the regular session in December, and as a Tariff Board had been created for the express purpose of investigating the present duties and recommending necessary revision, it is difficult to see any special exigency for tariff legislation this summer. Probably the main-spring of what has been done was the desire to manufacture political capital for the campaign of next year.

As if the tariff agitation were not enough, great business enterprises have been subjected to prosecution and investigation, and the history of the 1907 panic inopportunely revived.

The responsibility for agitation against great business enterprises is placed chiefly upon the shoulders of certain corporations by the New York "Journal of Commerce," which says:

"If there is popular and political agitation hurtful to the material interests of the country, it is mainly due to the excesses of those who use the power

of corporate organization for their own aggrandizement and enrichment."

No doubt the misdeeds of some corporations have made convenient loops and hinges on which to hang much of the agitation directed against great business enterprises, yet the desire to create political capital probably furnishes a leading motive for much of the sensational "investigation" that is going on.

State and Federal legislative bodies are largely composed of lawyers—men who after graduating from college resort to law and politics as their trade. They lack practical business training, and are wedded to the theories and doctrines of the schools. As the nobility of foreign countries consider themselves above the sordidness of "trade," so the average American legislator scorns the ethics of practical business. He knows nothing about the struggle to meet the ever-fluctuating demands of the markets, to keep the plant going, to pay wages and buy raw materials. His business is not to manufacture goods by skill and industry, but to manufacture a virtuous people by act of parliament. All utilitarian projects for feeding and clothing the multitude are beneath his notice. Earning his bread in the sweat of his tongue, he disdains all devices necessary to carry on business successfully. The making of money, however legitimately, is to him the sum of human villainy, and something that he is sworn to thwart. He demands

that only the legislative mill be kept running full time while the wheels of industry are idle. Himself a parasite upon the body politic, producing nothing useful, he is the natural enemy of all engaged in adding to the country's wealth.

Perhaps in no country in the world is the harrying of business enterprise carried to the same extent as in the United States. Our banks must operate under restrictions against which European bankers stand aghast; corporations are so hedged in by State and Federal laws that it becomes daily more difficult to conform to these requirements or even to know what they are; the railroads must buy labor and materials at what prices they can but may charge for their services what the Government sees fit.

Nearly all our business legislation proceeds upon the theory that business is a vast conspiracy for robbing the public, and the lawyer-legislator, with his college theories and want of business training, keeps sharp watch lest a loophole be left. Every year he adds some fresh restriction, telling business men what they may not do. And the process has been going on for a half-century or more until at last one can hardly carry on business of any kind except in violation of some law.

People have different ways of amusing themselves. In this country the favorite sport is the governmental harassing of men of wealth. When a colossal corporation was fined heavily everybody roared with glee. Every possibility that our great captains of industry will be criminally prosecuted evokes shrieks of laughter. To show that a man who has been successful in amassing wealth is an enemy of society will confer immortality on anybody who never earned an honest dollar in his life.

This attitude of hostility toward successful business men which exists in

the United States to-day is susceptible of explanation. It is in part due to the selection of lawyers instead of business men to make our laws, but it is in no small degree due to a reaction against conditions engendered in the days of privilege and favors to special interests, a knowledge of which has inflamed the people and led them to apply inappropriate remedies and to adopt a policy so drastic as to be fatal not only to the evils but to business itself.

The pity of it all is that those responsible for the strangling of business by legislative enactments are not the ones who suffer. They continue to eat bread paid for by public taxation. But the burden falls on those least able to bear it—the wage-earners, dependent upon the continued operation of the railroad or the mill for their shelter, food and raiment.

EXTENDING OUR BANKING RELATIONS

MUCH discussion has been indulged in from time to time on the subject of extending our banking relations with foreign countries, but up to the present little has been accomplished. There are, of course, representatives of several of the leading American banking firms in London, Paris, etc., and a few of our trust companies have established offices in London.

The national banks are prohibited from establishing branches, and may not even compete for business in countries near by where the Canadian banks, for example, find it profitable to maintain branch establishments.

Fresh interest has been lent to this matter recently by the proposal of Lloyds Bank of London to so amend its articles of association as to permit the extension of banking operations in foreign countries.

The institution named is one of the

great joint-stock banks of the United Kingdom, and no doubt its invasion of the foreign banking field will be carried on with a high degree of skill and financial success.

Very interesting views have been brought out by this determination of Lloyds Bank. Commenting on what it regards as "A New Departure in Banking," "The Statist," of London, says:

"Lloyds Bank can undertake business beyond sea in three different ways: firstly, by establishing branches; secondly, by forming subordinate companies or buying up banks already working abroad; and, thirdly, by buying an interest not giving control in existing banks. The first plan is clearly the most risky, and requires greater skill and a much higher measure of competence than either of the other two. As a rule, Englishmen of the classes from which bank directors are taken are not well acquainted with foreign languages, are not versed either in the science or the practice of the foreign exchanges, and are extremely ignorant of the economic condition, the public feeling, the business methods and habits and the trend of both the political and the economic development of foreign countries. Therefore, they are not usually well qualified to guide the policy of banks in foreign countries, or, indeed, in portions of the Empire remote from the Mother Country. The directors of Lloyds Bank may be exceptions. They may have all the qualities that are required. But it is obvious that if they are to conduct with success a large banking business, either upon the Continent or beyond the Atlantic and the Pacific, they must differ materially from the bulk of their countrymen. They must, for one thing, have uncommon versatility, and for another they must have that rare knowledge of character which will enable them to pick out the persons fitted to make the experiment a success, not only

as the superior administrators of the new banks, but also as the travelling inspectors."

These objections to the entrance of British banks into the foreign field sound quite familiar, for they are almost identical with those brought forward whenever it is proposed to extend the sphere of operation of our own banks abroad.

After considering this proposal from the viewpoint of the bank, "The Statist" considers how it would, if put into execution, affect the enterprise and development of the United Kingdom.

"In searching for an answer to the question," says "The Statist," "we have to bear in mind, firstly, that the great Continental banks, and more particularly the great French and German banks, undoubtedly have contributed powerfully to the growth of the prosperity of their respective countries. What has been done by Germany and France we shall, of course, be told can be done by England likewise; and, therefore, there is no need for going farther with the inquiry; except to urge upon our own bankers to keep always in mind what their German and French compeers have actually accomplished.

"But to accept that statement as a satisfactory answer to all doubts would be a very shallow way of treating the problem, for, as all who have given attention to the matter are aware, Continental banking differs widely from British banking—differs not in practice alone, but in the conception of what banking is. * * * An English bank is an intermediary between the saving classes, who lend to it their savings in the shape of deposits, and the producing classes, who obtain financial assistance from it by means of discounts and advances. Continental banks, in addition to this primary duty of banking, add on a great many other functions. For one thing, they are promoters. For another, they are

founders of enterprise. For a third, they are partners, sometimes with those they finance, and sometimes with other great institutions. We take for granted that the directors of Lloyds Bank have no intention at present, whatever they may be led by circumstances to do in the future, to altogether revolutionize their business, and transform the great institution over which they preside into a corporate body similar to that of a great German bank. More than that, we conclude that if they were to propose such a thing they would be stopped by their shareholders, for in the present state of opinion in this country it is in the highest degree unlikely that shareholders would tolerate a departure from what has been not only the settled English policy of banking, but an exceedingly profitable policy likewise, to enter upon a new course of procedure which, however successful it has been in foreign lands, would be problematical in its outcome under the circumstances that prevail here at home.

"Assuming, then, that the intention is not to depart very widely from what has been the practice of the bank heretofore, but only to add on such forms of business abroad as can be carried on in connection with the home business, without drawing largely upon the resources heretofore applied only to the latter, we would ask our readers to accompany us in an inquiry into the probable effect upon the welfare of this country of such new policy.

"In considering this question as closely as it deserves, and free from prejudice against innovation, what strikes us is that its tendency would be to injure the producing classes, and still more to lessen the consuming power of the community, which is even a more important thing than the producing power. Scotch banking, which upon the whole has been more progressive than either English or Irish,

and has contributed more powerfully to the development of the resources of the special country to which it applies, has always been more ready to give banking accommodation than English banking without insisting upon readily realizable security. Nobody who has studied the history of banking in the two halves of Great Britain since the deposition of James II., and the consequent political amelioration of Scotland, can seriously dispute that Scotland has made greater progress even than England, immense as has been the progress of the latter. Furthermore, no competent student will seriously deny that Scotch banking has contributed in an exceptionally powerful degree to that more rapid rate of progress in the northern half of the island. We do not in the least wish to minimize the influence for good upon Scotch character of the governing system of the Presbyterian Church, still less do we wish to minimize the incalculable benefit that has been conferred upon Scotland by her parish schools. But allowing for all that, and for the consequent more democratic spirit of the Scotch people, it seems to us indisputable that the Scotch banking system has contributed in a very high degree to the exceptional progress made by the northern half of this island. We do not mean to lay down, in saying this, that English bankers should not safeguard the interests of their shareholders; very far from it, indeed. But we do say that to ensure safety it is not necessary under all conditions, in all places, and with regard to all persons, for a banker to insist upon having security which he can sell at a moment's notice. Furthermore, the tendency for a considerable time past in England has been to increase the distance between those who govern the banks and those who need banking accommodation, and thereby to make it more and more imperative that a banker should always have security which he

can sell at a moment's notice. When small banks were scattered broadcast over the country the partners had a knowledge of their customers which cannot be had by the great institutions that now exist. Besides, a partner could do things which a manager of a small branch cannot do.

"The result is that the vast amalgamations which have been going on for fully a generation are lessening in an extraordinary way the number of banks throughout the country, and are widening immensely the distance between those who lay down the rules regulating banking action and those who are continually in need of banking accommodation. As a result character counts for less and less, and tangible security that can be sold at a moment's notice counts for more and more. Hence we hear from all sides complaints that the provinces do not get the accommodation now which they used to get in the old times, and that deposits are being raked up throughout all the saving districts and are being accumulated in London, where they are employed in London and in oversea business. Whether the complaint be true or false we do not stop here to inquire.

"Our object, in fact, is not to discuss the policy of amalgamation, but to consider what effect is likely to follow if the great amalgamations to which we have now become so accustomed result in a participation in oversea business by all our great banks. It seems to us that there cannot fail to be a broadening of the gulf which divides the lender from the borrower, a sowing of the seeds of dissatisfaction, a sense of injury, and a gradual springing up of the feeling which is so marked throughout the United States, that branch banking is altogether wrong, and only small local banks ought to be permitted.

"To all this it may be replied that

every age brings its own problems, which have to be solved by new adaptations fitting to the time, and that, as a matter of course, the old-fashioned object to the new departures. There is, of course, a great deal of truth in the plea and it deserves to be weighed carefully. But let us inquire whether there is not another side of the question—namely, that human nature is always tempted to follow the line of least resistance, and that, as a matter of fact, English banking for a generation past has shirked the difficult problems and taken to the easy.

"We have in this Journal for many years past been inviting the attention of our readers to the most excellent work done by the Bank of France in giving banking accommodation to the very small tiller of the soil and the very small trader in the towns. And we have shown that while the Bank of France holds the largest gold reserve of any purely trading institution in the world; while it is also ready with immense funds to finance its Government, to maintain the value of silver at its mint quotation, to perform innumerable services for the Government, and, lastly, to maintain branches and agencies in every department throughout the Republic, it yet is able to pay an exceedingly handsome dividend to its shareholders. Thus the Bank of France not only performs a work of the greatest beneficence, but it does so profitably for its shareholders. We have year after year for a long time past brought this out as clearly as we could, and we have urged upon our banking friends to take the lesson to heart and turn it to good use.

"We are glad to say that a considerable number of banks have adopted the policy which we have recommended, and we hope that the result will be in the highest degree beneficial both to them and to their customers. But it would be false to say that the policy

has been adopted as generally as it ought to be. Our banks have devoted themselves to the service almost exclusively of the middle classes, and now they tell us, in act if not in words, that it is too much bother, trouble, and possible expense to cumber themselves with the poor. They must seek for new pastures at the other side of the waters. It seems to us not merely a mistaken policy, but an utterly unwise policy, for when everything is said, business at home is both the safest and the most profitable, if it were only because no hostile Government can interfere with it. There can be no legislation inspired by either jealousy or ill-will. There can be no administrative action hampering business at every turn. Over and above this, we are entering here at home, we of this Journal earnestly hope, upon a new period, more prosperous, more enlightened, and more beneficent than the country ever hitherto has known. It will be rich, we trust, in the spread of not merely intelligence, but of rising welfare for the masses. And there cannot be intelligence and rising welfare for the masses without increased and profitable business for the banks that choose to minister to them. If the banks neglect this great and new mine of wealth, new banks will be formed to step into the place they have deserted, and the great banks will, we fear, find themselves regarded by the public at large as shirkers of public duty and ministers to the welfare of the foreigner. The orthodox economists, who exercised so great an influence over opinion last century, are responsible for much mischief. But perhaps nothing they have done has been so injurious in its effects as their incapacity to see that consumption is infinitely of greater value than production, and that, therefore, the true service to be rendered to the country was not to pamper the already over-prosperous, but to help to increase the pur-

chasing power of the hard-working and the thrifty, who only needed capital to enable them to rise to a higher plane of living. If the great banks are wise they will not neglect this great field. The Birkbeck Bank has recently brought very prominently before the public how very large the field is. We have learned that that institution, which bulked so small in the public eye, yet not very long ago held deposits which a quarter of a century ago would have been considered large even for a great city bank. The business, then, here at home is no more to be despised than is the business in France. Will not the great banks recognize the fact in time and secure their hold upon a *clientèle* that by-and-by will not only be vastly more numerous than any *clientèle* they now have, but in the aggregate also will be even more influential?"

Starting out to discuss merely the proposal of a London bank to establish branches abroad, "The Statist" has taken up some very vital banking problems. Although conditions are certainly different here, the tendency of certain large banks to ignore everything but collateral, and to decide applications for loans by the rule of thumb, are not unknown. But with the great majority of our banks, which are small local institutions, this is not the case. Loans are made quite as much on the strength of character and financial capacity as on the amount of collateral offered. Outside a few great banks, at least, the art of banking still consists in something more than a mere ability to read the tape.

What effect the entrance of the London banks into the international banking field might have upon British trade and enterprise, we are not prepared to say. The export of British capital to foreign lands in the shape of manufactured goods seems to be regarded with high satisfaction on the other side of the sea. Apparently there is less com-

placency over the proposed export of capital in the form of cash. The opinion may be hazarded, however, that if British banking capital can find profitable employment in foreign fields no restriction should be placed on its going there.

Doubtless, the directors of Lloyds Bank are astute enough to avoid any withdrawal of funds that can advantageously be employed in meeting the needs of home commerce.

"The Statist" discusses the form of organization most favorable to the carrying on of banking abroad—by branches, or by amalgamation with existing foreign banks, or by the purchase of a controlling interest in such institutions. It seems to look with scant favor on the establishment of branches.

Unless the present National Banking Act is amended, it will be impossible for our national banks to establish branches abroad. The plan put forth by Mr. ALDRICH contemplates the organization of banks specifically authorized to do a foreign business. The present writer has suggested a bank with large capital organized for the same purpose.*

As the United States grows in commercial and financial importance, the question of pushing our banking into foreign countries will become a matter of practical concern.

THE NATIONAL MONETARY COMMISSION

RECENT attacks on the National Monetary Commission, made in the United States Senate, may be taken as an indication that the report to be made by the commission—should one ever be made—will not escape serious opposition. Senator BAILEY's resigna-

tion from the commission is a straw blowing in the same direction. The commission will go out of existence soon after the reassembling of Congress next winter.

The original make-up of the National Monetary Commission was hardly such as to inspire respect, although a few of the members have been from the first possessed of special fitness for the work entrusted to them.

While chairman of the House Committee on Banking and Currency, Mr. FOWLER introduced a bill for the appointment of a commission to be made up of a sufficient number of representatives of banking, manufacturing, commerce, etc., together with members of the House and Senate. A commission of this character would have been commensurate with the great importance of the subject, and its conclusions could hardly have failed in commanding attention and respect.

But at that time the control of matters was in the hands of a clique now ousted and discredited, and the appointment of a broadly representative commission was prevented. Instead, the present commission was provided for, and apparently its object was chiefly to mark time and to spend money. In both these directions the commission has admirably succeeded, having consumed over three years of time and spent a quarter of a million of money.

When it was proposed to appoint other than members of the Senate or House on the commission, the objection was made that such a course had been found in practice to work unsatisfactorily. How insincere this excuse was has been shown by the course of events. For although in its original form the act providing for the appointment of the National Monetary Commission stipulated that the commission should be composed of members of the Senate and House, later an amendment was slipped through—so quietly that

* "An International American Bank"; address before Pan-American Commercial Conference, Washington, D. C., February, 1911.

some of those most concerned seemed hardly to have been aware of it—providing that members of the commission retiring from the House and Senate should nevertheless continue as members of the Monetary Commission.

As time went on a number of those who were members of the commission went out of the halls of Congress to join the "lame ducks," but they have still continued to draw comfortable salaries for their "labors" on the Monetary Commission.

All these facts are, of course, ancient history, and it may be questioned whether there is anything to be gained by their recital now.

The truth is, however, that most of those who were originally appointed on the Monetary Commission were satisfied with the act of May 31, 1908, commonly known as the Aldrich-Vreeland Law. Probably but for the action of Senator BURTON and Representative WEEKS that act would have been made permanent instead of being limited to six years.

If the report of the Monetary Commission shall be discredited, and its findings made the subject of political controversy, those responsible for the manner of the commission's creation must bear the blame.

We have stated repeatedly that, in our opinion, the present Monetary Commission was appointed with a view to forcing a central bank upon the people of the United States. Everything the commission has done, from its inception until now, has strengthened that opinion.

And yet, while the commission itself and its doings are open to just criticism, it would nevertheless be unfortunate if nothing good comes of its labors.

It is also only fair to say that the chairman of the commission—Mr. ALDRICH—has presented a recommendation for currency legislation that has com-

manded very wide support among the bankers, and is entitled to an impartial discussion. The plan referred to contemplates the organization of a central bank, with some limitations, and if the people favor a central bank of some kind perhaps the plan of Mr. ALDRICH offers as favorable a basis for the creation of such an institution as can be devised.

It will be interesting to note, if the Democrats and Insurgents are to oppose the creation of a National Reserve Association, what substitute they propose to offer.

MUTUAL DEPOSIT INSURANCE

WISCONSIN has a new law which permits of the organization of mutual insurance companies for guaranteeing the payment of depositors in failed banks. This is a phase of bank-deposit insurance that remains to be tried. Oklahoma and some other States have been experimenting with a compulsory form of deposit insurance and some attempts have been made to form stock companies to guarantee deposits.

Under the Wisconsin plan the membership of the mutual insurance company is to be composed of the banks applying for insurance, and they are to pay the premiums which shall comprise the fund for meeting losses sustained by depositors.

No doubt the banks of Wisconsin, or of any other State, could form a mutual association for the payment of deposits of failed banks and could conduct such an organization with more or less success.

Aside from the objection to deposit insurance in principle, the question arises whether the banks should engage in insuring each other's business, or should embark in the insurance business at all. While a bank would join

such a mutual association primarily for the purpose of protecting its own deposits, it would gain this protection only by making a contribution to a common fund that would be used in insuring the deposits of its competitors. Probably any form of deposit guaranty that could be devised, however, would, to some extent, be open to the same objection. Whether jealousies, fatal to success, could be kept out of a mutual association of this kind remains to be seen.

The banks have for some years discussed the propriety of engaging in the fidelity bond business and mutual insurance against bank burglary. Thus far they have decided that such enterprises are not proper adjuncts of banking. Are there any better reasons for concluding that the banks should go into the deposit insurance business?

THE ARBITRATION TREATIES

FEW events of recent years have been more significant than the signing of the arbitration treaties between the Government of the United States and Great Britain and France. The ratification of these treaties awaits the sanction of the United States Senate which may not be obtained unless the treaties are somewhat modified, since the Senate is extremely jealous of its constitutional prerogative as a part of the treaty-making power.

The important features of the new treaties are the inclusion of questions relating to "national honor, territory and vital interests," and the creation of a commission to which matters may be referred and discussed for a year before a resort to arbitration is had.

In other words, practically all subjects of international controversy between the United States and the two European governments may be settled

hereafter by arbitration, should the ordinary diplomatic channels prove ineffectual, and a delay of a year may be had for sober deliberation even before arbitration shall be invoked.

Probably it is no exaggeration to say that the signing of these arbitration treaties marks one of the greatest advances made in human history, at least since the general abolition of slavery. While the treaties will not put an end to war, and may not even presently diminish the ruinous rate of expenditures for naval and military equipment, they do indicate a decided tendency on the part of the governments concerned to substitute the rule of reason for brute force and murder as a means of settling disputes between nations.

Men who are eager for public applause have hesitated to give their unreserved assent to the principle of international arbitration, lest they should be styled sentimentalists, milksops or mollicoddles. But a public opinion is growing up in favor of international arbitration virile enough to stiffen the backbones of the demagogues who depend for popularity upon their clamor for war. The man who advocates a pacific means of settlement of difficulties with other nations may hope before long to find himself as much respected and as popular as those whose voice is still for war.

War's horrors are well known; so are the enormous expenses and burdens entailed by a resort to this form of barbarity. What many do not realize, however, is that the preparation for war has become almost as heavy a tax upon the people as war itself.

So long as other nations go on arming themselves, we can not remain defenceless, but by recourse to arbitration we can at least test the practicability of this means of settling international differences and give an example to the world that may tend very powerfully to

show that nations, as well as individuals, may get on very comfortably without going armed to the teeth.

SMASHING THE TRUSTS

WILL the old methods of unrestricted competition follow the recent anti-trust decisions, or will the trusts, resolved into their original constituent companies, go on under other names and forms pretty much as before?

And if the old competitive methods are restored, will the people be any better off or will business conditions be more healthful than they were under the control of the great combinations of capital?

These are questions of great importance. Have they been carefully considered in the light of all the facts, or has the trust-smashing campaign been carried on solely by the momentum it has received from those who shout whenever the rich are harried or brought low?

As suggested by Mr. GEORGE W. PERKINS, of New York, before smashing the trusts it might be well to inquire:

"First. Has the cost of articles made by the so-called trusts increased or decreased?

"Second. Have wages increased or decreased?

"Third. Has labor been more steadily employed and better housed—more generally employed and better satisfied?

"Fourth. Have there been fewer failures in the lines of business involved?

"Fifth. Have the so-called trusts increased or decreased our foreign trade balances?

"Sixth. Have the so-called trusts devised ways and means and provided the capital for saving and utilizing

waste products which could not have been done by smaller concerns?

"Seventh. Is the tendency to have the ownership of these large companies and the profits made by them enjoyed by a few men or by many men? Is the tendency to have these corporations in the future create, by their profits, large fortunes for a few men, as was the case in partnerships under competitive methods, or is the tendency to distribute such profits more generally among the people?"

Could these questions be accurately determined, after full and impartial investigation, a basis would thus be furnished for intelligent legislative action.

Much of the outcry against the trusts comes from men of little or no business experience. The trust is a great aggregation of capital, and therefore affords a ready theme for the essayist and the orator to use in inflaming the public mind.

If the trusts are wholly evil, it can not be claimed that competition is wholly righteous. Probably monopoly and unbridled competition each has its own sins to answer for, but somewhere must lie a middle ground, where capital may make necessary combinations without being allowed to override public rights. Patient inquiry may show a remedy, but political prejudice and passion are sure to delay its discovery and application.

IMPORTANT TRUST COMPANY MERGER

BY its recent absorption of the Mercantile Trust Company the Bankers' Trust Company of New York rises to a foremost place among the trust companies of the United States.

The merger of these two companies into a single institution is a natural development of the times. As business grows, the magnitude of the demands made upon the trust companies becomes

continually greater, and to meet these demands adequately it becomes necessary to add to resources and capital equipment.

The Bankers' Trust Company of New York has had, from its inception, an exceptionally strong board of directors, composed of well-known bankers. A building is just being completed for the company at Wall and Nassau streets that will rank among the most imposing commercial structures in the country.

Following the merger, the capital of the Bankers' Trust Company has been raised from \$3,000,000 to \$5,000,000.

FACTORS IN THE BUSINESS SITUATION

ONE of the most interesting and accurate of the business forecasts appearing during the year is that coming from the Continental and Commercial National Bank of Chicago. The report is based upon replies to several thousand inquiries sent to the bank's correspondents, the information thus obtained being carefully compiled and analyzed. The bank, owing to its wide relations with banks in the chief agricultural sections of the country, is in a position to acquire very complete information about crop conditions.

The president of the bank, Mr. GEORGE M. REYNOLDS, in presenting the report, after referring to the drouth, which has cut short some of the crops in certain sections of the country, says:

"There has not been a serious impairment the nation over, and the breaches in the average production are only in some products, and in nearly every section the losses in one are compensated by the gain in other fruits of the soil. The section which has suffered in nearly all of its harvests is that which was once called the 'Great American Desert,' and which periodically

undergoes conditions that impress upon the residents therein that they are yet in a semi-arid region, where the prodigality of nature is a freak, not a rule.

"Though the northern and western sections of the country have suffered, the South has been signally blessed with a great productivity. Its yields of all grains, except corn, have been above the average, and its cotton production promises to make a record yield."

Of the general conditions affecting business, favorably and unfavorably, Mr. REYNOLDS has this to say:

"Fundamental conditions compared with a year ago, according to testimonials from men prominent in all branches of industry, show a decided improvement. Money is plentiful in the banks. The agricultural production of the country is satisfactory and a little above the average. Our foreign trade reflects a complete reversal in tendency, providing a credit balance abroad of upwards of \$500,000,000. The cotton crop, a big factor in our export trade, probably the largest on record, assures a maintenance of our ability to import gold when needed.

"Europe is showing a more friendly disposition toward our securities, and with an easier tendency in money abroad adds to our ability to sell bonds across the Atlantic. Our Government has demonstrated its ability to float on a satisfactory basis the three per cent. Panamas without the artificial stimulus of their availability for use as a basis of bank note circulation. The excess of loans in banks over deposits has been materially reduced. The iron and steel trade, as a result of the cut in prices, is responding slowly, showing a steady improvement in volume of business. The copper metal situation is more satisfactory in consequence of curtailment and the railroad earnings are better than expected.

"Other favorable developments have

been the new financing and refunding operations to the extent of \$1,300,000,000, which have been successfully put through in the last six months. Railroads and other corporations and individuals are practising greater economy; savings deposits are reflecting an increase in both volume and number of individual accounts. There is a decided disposition to liquidate indebtedness. Collections are satisfactory. The so-called anti-trust decisions and the determination of the freight rate controversy have eliminated some very disturbing uncertainties. Sentiment has improved and reflects a more hopeful tone. Stocks of merchandise are low. Prices both of raw material and of many articles entering into the cost of living are less. There is a marked absence of fresh speculation. Reciprocity with Canada, now probable, has opened the way for a broadening of trade relations between the two countries.

"Conditions a year ago reflected some strain as a result of a period of widespread speculation tracing its inception, no doubt, to the sudden and almost unprecedented recovery from the ill effects of the panic of 1907, the opportunity for large profits and the heavy inflation of our bank note currency in consequence of the Governmental policy of maintaining an artificial market value for its bonds by employing them as a basis for circulation.

"An inflation of paper money in excess of actual commercial needs invariably leads to unhealthy conditions in business and to widespread speculation. This manifested itself in this instance first in the stock market following an exceedingly active and broad bond market. When the stock market reached high record prices and became top-heavy, money sought other means of employment, turning to the more speculative forms of investment. In order to analyze the present situation it is neces-

sary to revert to conditions a year ago. The country had experienced a condition of almost unprecedented prosperity in the agricultural districts. Crops for several years had been bountiful and prices owing to foreign conditions and to waste and increased consumption at home were high.

"This inured to a condition of wealth and luxury in the farming communities, and naturally stimulated prices of land to such an extent that interest in the cities was attracted to the broad acres of the West. In the more settled communities farmers added to their holdings, while land promotion companies parcelled out their lands on contracts and mortgages, much of it going to those inexperienced in farming. So quietly and steadily did this land speculation and activity spread over the country that it had absorbed an immense amount of money and credit before bankers and business men realized its extent."

THE POSTAL SAVINGS BANKS

NEWSPAPER reports indicate that the postal savings banks are meeting with that kind of "success" that usually attaches to things possessing a degree of novelty.

The reason that prompts people to patronize these banks illustrates the blind trust that is entertained for anything bearing the Government stamp. This trust, in the United States, is well founded. But in preferring the postal bank to the ordinary savings banks, some of the depositors are suffering a considerable loss of interest, and we do not believe they are getting any better security for their principal.

For instance, a depositor in New York or Boston walks by a well-managed mutual savings bank that would safely care for his funds and pay him four per cent. interest and puts his money in the postal bank which pays only two per cent.

And what does the postal bank do with the money? Well, it deposits it in another bank, taking proper security therefor. In practice the process amounts to this, that the Government is the custodian of the security for the postal deposits—and a guarantor of such deposits.

Is not two per cent. per annum a pretty stiff rate to exact for the guaranty of savings deposits? Especially when the Government holds security which reduces any risk of loss almost to zero.

If deposits are to be secured (as bank notes now are) by lodging securities with a trustee, probably a much less expensive and equally trustworthy custodian than the Government of the United States could be found.

High moral grounds were taken by the advocates of the postal savings bank, but we can not help regarding it as a scheme to take advantage of ignorant fear, by depriving the poor depositor of a just rate of interest for his money. The fact that the Government "needed the money" to absorb some of its stock of two per cent. bonds did not, in our opinion, make the whole scheme any the less reprehensible.

USING BANKS AS DECOYS IN PROMOTION SCHEMES

P**PROMOTERS** of enterprise are especially anxious to have it appear that they are in good standing at some reputable bank. Commenting on this, "Collier's Weekly" says:

"A favorite trick of many promoters is to call some bank their 'depository.' On most of their literature—their letters, circulars, pamphlets, prospectuses—in modest but well-emphasized print at the upper left-hand corner you will read 'Depository—Gilt Edge National Bank.' It sounds as if everything that came in from stockholders were being

placed in that bank. It smacks of money put in the safest place in the world. What it really means is that the wily promoter carries a small running account for office expenses of a few hundred or a few thousand dollars. But because of that meager deposit, which is unrelated to his actual scheme, he refers to that bank as his 'depository' for all time to come. The average bank president hasn't time to hunt down rogues. He has the right to take in deposit what money is passed through the cashier's window. It is the rare president who, like EARL of the National Nassau Bank, will go through the promoter's plant, as he went through the gaudy nest of one such crew, and then, finding 'it didn't smell right,' refused to touch their money.

"When you read the word 'depository' on the stationery of the promoter, ask yourself what does he deposit there. Is that bank guaranteeing the safety of your money? It is not. Is it giving a testimonial of probity and financial acumen to that promoter who so fearlessly flaunts its conservative name? It is not. Just how much that word 'depository' is actually worth can be tried out. Take the stock he has sold you to the very bank he calls his 'depository.' Will they accept it as collateral and lend you money? Not they. The word 'depository' comes cheap, means nothing, deceives many. It is one more twinkling facet in that flash which the promotion is making in the eyes of the blinking public."

Properly carried on, promoting is just as legitimate as any other commercial activity—even the publication of newspapers and magazines for the enlightenment and protection of an uninformed and innocent public. We are inclined to think that it would serve a most useful purpose if every promoter were required by prospective investors to have a banker who would vouch for his financial responsibility and integrity.

Very likely, as "Collier's" says, the use of the term "depository" as above mentioned is misleading. It would be better if banks would either prohibit the use of their names in this connection, or if allowed at all it should be only after an investigation and with such knowledge of the facts as would carry some responsibility on the part of the bank.

If all legitimate promotion schemes were required first to secure the partial approval of a bank of recognized standing, it would go a long ways toward curtailing the operations of fraudulent schemers.

GOVERNMENT REGULATION OF PRICES

FROM two distinguished persons—

Judge GARY of the Steel Corporation and Attorney-General WICKERSHAM—come suggestions that it may be found desirable and necessary that the Government shall regulate the prices of commodities. These suggestions doubtless have their origin in the not uncommon belief that the law of supply and demand is no longer freely operative in regulating prices, but that prices are more or less arbitrarily controlled by the trusts or by agreements of various kinds. If this assumption were correct, much might be said in favor of the proposals of Judge GARY and Mr. WICKERSHAM, for private combinations might be expected to fix prices in a way to enhance their own profits, while the Government might be expected to act more in behalf of the public interest.

And while such proposals are radical and even startling, they may nevertheless come to be regarded quite seriously in the not distant future. Already the Government has taken in hand the regulation of railroad rates—that is, has fixed the prices which the railroads may charge for what they have to sell.

While the justification for this course apparently lies in the nature of the case, it may not be found a very long step to the regulation of the price of coal and meat. Transportation is a necessity of modern business life, but certainly no more so than food and fuel. Again, transportation is hardly monopolized to the extent that the production of meat and coal are.

The rise of prices will no doubt give birth to many new schemes for counteracting this tendency, and may cause an investigation of the whole problem of the cost of production and distribution of commodities.

The statement has been made that out of the prices paid for farm products the farmer gets but forty-six per cent., the remainder going for transportation and middlemen's profits. It is obvious that if the farmers were realizing anything like the enormous prices paid for their commodities, people would not need any advice to go back to the land. They could not be restrained from going there. The fact appears to be that there is more profit in handling and distributing farm products than there is in growing them, and this explains, in part, why people rush to the city instead of remaining on the farm.

The suggestion for Governmental regulation of prices will introduce some new elements into politics. Presumably, everybody will want to vote for candidates who can promise the voter high prices for everything he has to sell and low prices for everything he has to buy.

A MALIGNANT FALSEHOOD

FRRIENDS of THE BANKERS MAGAZINE have sent us copies of a wholly false and malignant article, which purports to have been published in the issue of this MAGAZINE for March, 1892.

In substance the article favors a policy by which the capitalists of the country are to combine, politically and otherwise, to keep the "common people" in subjection. The whole thing is so evidently spurious on its face, and so repugnant to common sense, that a refutation of it hardly seems necessary, but as several friends have written to inquire if the article in question appeared in the *MAGAZINE*, we have only to say that it did not.

Unless we are mistaken the screed—for it can be called by no more dignified name—appeared some fifteen years ago, falsely attributed to the American Bankers' Association.

Should there be any who need the enlightenment, it may be remarked, quite parenthetically, that the editor of *THE BANKERS MAGAZINE* is not yet so firmly entrenched among the "capitalistic classes" that he feels called on to make war upon "the common people."

CANADIAN BANKING AND COMMERCE

By H. M. P. Eckardt

SO far as the first half of 1911 is concerned, it can be said that it has proved a prosperous season for the chartered banks of the Dominion. The banks entered the period with their resources well employed in commercial discounts. Throughout 1910 commerce and industry underwent vigorous expansion, and this necessitated a constantly increasing resort, on the part of the business interests, to banking credits. Naturally the pressure had the effect of tightening up the money market to some extent. Under the Canadian system of banking the commercial and industrial customers always get preferential treatment.

Whenever there is a monetary stringency or scarcity it is the brokers and financial borrowers who are first called upon to release funds, and there were many complaints from stock brokers in Montreal and Toronto regarding the difficulty of getting funds for market purposes. However, call loan rates did not rise sharply. For the whole year the rise would not be more than one-half per cent., say from five per cent. to five and one-half per cent. The tightening up of the market for commercial loans has not produced any marked rise in discount rates.

Here and there, quite probably, a higher rate would be put in force on particular accounts, but the banks have

not attempted to bring about any general rise in rates. Nevertheless, the increased demand for credits has enabled them to put their business generally upon a more satisfactory basis. Under the conditions that have prevailed the bankers have been able to demand better security from their borrowers and to get more satisfactory remuneration for performing a dozen and odd minor services for their customers. In ordinary times the competition between the great banks is so strong that some big borrowers are often able to dictate terms. They press the banks to make collections for them at par, to pay them interest on credit balances in current account, and sometimes they demand that the terms agreed upon regarding security for advances be relaxed in their favor.

But once every five or six years a period of stringency comes along in which each bank has all it can do to finance the requirements of its own customers. Then the spirit of competition wanes for the time, and the several institutions set themselves to tightening up the strings again.

Under such conditions as these the banks entered 1911. In the first half of the year the demand for credits has shown no abatement whatever. On the contrary it has increased. Notwithstanding the usual seasonable contraction in January, the banks have also

augmented their loanable resources during the half-year. The augmentation of their resources has, in fact, proceeded more rapidly than in 1910—the increase for the six months being practically equal to that shown for the whole year 1910. The increase of resources is due to the same causes which have been in evidence during the past few years: Heavy immigration, heavy movement of capital from Europe and the United States, and increasing yields of natural products.

HALF YEARLY PROFITS.

One can easily understand that when the banks are operating under circumstances of this nature they should show satisfactory results in the way of profits. The reports issued in the first half of the year show generally increased earnings. But there are now only five or six banks issuing annual reports in the first half of the calendar year. Most of them report as at the end of October, November, or December. It is the general expectation that when these reports make their appearance they will show large gains in earnings.

BANK NOTE CIRCULATION.

One of the remarkable features of the June half of 1911 is the rise of the bank note circulation. The bank note issues are at the lowest level at the end of January. By then the extra currency created to move the crops has been redeemed and cancelled. Usually there is a very gradual rise of circulation throughout the summer, followed by a sharp rise in August or September and in October. The maximum of issue occurs at the end of October.

The expansion between January 31 and June 30 this year was \$11,500,000, as compared with an expansion of \$6,400,000 in 1910, \$4,300,000 in 1909, \$1,300,000 in 1908 and \$7,300,000 in 1907. There was a sudden rise in June, 1911, of nearly \$7,000,000. This had the effect of bringing the actual circulation within \$10,000,000 of the

legal limits. The paid-up capital, which is the legal limit of the bank note circulation, except between September 30 and January 31, was \$101,065,306 on June 30; but \$3,000,000—the capital of the Sovereign Bank of Canada—in liquidation) should be deducted from that total. Last year on June 30 the margin of issue was \$16,000,000; in 1909 it was \$24,000,000.

The narrow margin now available means that the banks will be obliged to resort to expedients in order to provide the currency required by the country prior to October, when the right to issue excess currency inures. It also means that the recourse to the taxed or excess issues after September 30 will be on a scale much larger than has hitherto been seen. Between June 30 and October 31 in 1910 the expansion was \$16,200,000; in 1909 it was \$19,500,000; in 1908, \$14,900,000; in 1907, \$8,700,000. It is interesting to recall that in 1907 there was an abnormally large expansion of note circulation in June, also in 1906. These were both stringent years.

INCREASE OF CAPITAL.

The unexampled pressure of the note issues upon the authorized limits has caused a number of leading banks to announce increases of capital stock. The recent announcements up to the date of writing have been as follows: Bank of Montreal, \$1,600,000; Canadian Bank of Commerce, \$2,000,000; Dominion Bank, \$1,000,000; Bank of Toronto, \$1,000,000. These issues are made at high premiums—from 180 to 200 per cent. of par—and as they are likely to be followed by others, the addition thus made to the funds of the proprietors of the banks will be substantial.

However, the custom is to have the subscriptions payable in instalments, so much a month. And it will probably be ten months or more before the new stock is all paid up. When the payments are all in these four issues will serve to increase the total of the proprietors' funds by about \$10,600,000,

to increase the ordinary issue power of the banks by \$5,600,000 and the total power of issue ordinary and excess by about \$7,200,000. The following table shows the position of the banks on June 30, 1911, as compared with December 31, 1910:

and London by \$7,000,000, the net balances in London and balances in United States banks by about \$15,000,000. So the increase of these high-class quick assets has on the whole almost kept pace with the increase of the loan account.

LIABILITIES.

	June 30, 1911.	Dec. 31, 1910.
Note circulation	\$88,618,699	\$87,694,840
Dominion Government deposits	7,207,015	5,970,160
Provincial Government deposits	27,796,876	24,714,358
Deposits of the public (demand)	309,804,854	280,910,695
Deposits of the public (notice)	564,867,554	544,220,710
Deposits elsewhere than Canada	77,721,948	70,574,871
Loans from other banks in Canada	3,938,997	3,988,730
Deposits of other banks in Canada	5,985,573	4,767,244
Due to banks in Great Britain	2,539,193	1,573,473
Due to banks in foreign countries	4,210,295	4,374,426
Other liabilities	9,184,156	7,286,060
	<hr/>	<hr/>
Capital paid	\$1,101,875,234	\$1,036,075,636
Reserve or surplus	101,065,306	99,676,093
Profit and loss balance	86,943,135	83,965,869
	<hr/>	<hr/>
	12,248,211	10,073,261

ASSETS.

Specie	\$36,792,002	\$33,411,852
Dominion notes	83,598,467	76,007,067
Circulation redemption fund	5,277,467	5,040,116
Notes and checks, other banks	53,415,678	48,045,024
Loans to other banks, Canada	3,824,483	3,807,474
Deposits in other banks, Canada	7,682,229	8,232,150
Due by banks in Great Britain	22,041,297	13,823,173
Due by banks in foreign countries	32,165,069	24,486,630
Dominion and provincial securities	10,634,115	13,102,587
Canadian municipal, etc., securities	23,272,829	24,680,177
Railway and other bonds	60,474,196	59,519,918
Call loans, Canada	61,507,268	63,983,912
Call loans, elsewhere	97,865,400	90,710,437
Current loans, Canada	717,869,386	677,064,829
Current loans elsewhere	33,557,617	40,400,839
Loans to provincial governments	1,682,495	2,144,028
Overdue debts	7,367,116	6,553,475
Real estate other than premises	1,464,021	1,360,966
Mortgages on real estate	947,553	958,745
Bank premises	28,229,609	25,191,619
Other assets	12,462,823	11,265,638
	<hr/>	<hr/>
	\$1,302,131,886	\$1,229,790,859

Difference in addition due to omission of cents.

Although the increase of current loans in Canada has been important, the banks have not neglected to strengthen their position as regards quick assets during the half year. Thus while loans increased nearly \$41,000,000, the cash was increased by about \$11,000,000, the call loans in New York

NEW BANKS.

In the matter of history the half year has been uneventful. No failures occurred. No mergers were announced. However, the absorption of the United Empire Bank by the Union Bank of Canada, which was announced at the

close of 1910, went into effect in March, 1911. And one new bank—The Weyburn Security Bank—appeared in the Government bank return in January. The number of going banks is thus unchanged.

When the new Franco-Canadian institution—La Banque Internationale—opens its doors there will be twenty-eight banks in active business. This new bank is expected to occupy an important place. The capital is \$10,000,000, all of which has been subscribed, and ten per cent. has been so far paid in. Seventy-five per cent. of the capital subscriptions were obtained in France and the balance in the Dominion. Several French capitalists of high standing—one of them being a high official of the Bank of France—are directors of the new bank; and the current expectation is that it will prove to be the vehicle for conveying much capital from France to Canada. Hon. Rodolphe Forget, of Montreal, the president of the bank, has stated that the branches will be confined to the larger cities in the Dominion, and it is believed that it will, to a large extent, act the part of a financial bank.

PRODUCTION AND TRADE.

During the opening months of the year and through the spring, business has been helped materially by the immigration movement. Especially from the British Isles has there been an important increase in the tide of settlers. In fact there have been complaints in Scotland and the north of England that those sections of the United Kingdom were undergoing serious injury through the drain of their best inhabitants to the Dominion. Also the movement of experienced and well-to-do farmers from the Western States into Saskatchewan and Alberta continued through the early spring in undiminished volume.

The inflow of these two extraordinary streams has had a powerful influence upon Canadian industry and trade. When one remembers also that the tide of investment capital from Europe has

been running strongly towards the Dominion, it is easier to understand why Canadian prosperity has continued unabated in spite of the comparative depression that prevailed south of the international boundary.

THE CROPS.

Then the spring season proved favorable for seeding operations, and in the three western provinces an area of no less than 10,000,000 acres were seeded with wheat. As soon as this crop was in the ground and its growth satisfactorily started it was recognized that if climatic conditions were favorable a very large yield would result. So the manufacturers and other business men in eastern and western Canada have been disposed to expand their facilities on the strength of the crop prospects. At the time of writing, a crop of over 200,000,000 bushels is confidently counted upon. Should this be realized, it would be practically double the yield secured by those provinces last year, and the realization should have a most important effect in stimulating the prosperity and development of western Canada.

The prospect of this huge crop has affected the general situation in another manner. The banks have never faced such a big problem, and the movement of the crops to market promises to test the efficiency of the banking system thoroughly. Mindful of the great task to present itself in the fall months, the bankers have applied themselves during the summer to check the loan expansion wherever it could be done without damage to legitimate business. For example, the rapid settlement of the west and the establishment of many new towns there naturally engendered widespread speculation in farm lands and town lots. By systematically and concertedly curtailing credits in the regions most infected, as a means of preparing for crop moving, the bankers have been able to impose a check or restraint upon these speculations. And in strengthening themselves they have at the same time strengthened underlying conditions in the country.

Harvest conditions in Ontario and the other eastern provinces are excellent. As is the case in the eastern States, production covers a wide range of articles. Except for the fact that the hot spell of early July shortened the yield of fruits, there is great prosperity in the East.

MINING.

During the half-year a very considerable boom developed in the Porcupine gold stocks. Development work was steadily pushed by a number of companies possessing good prospects, and in the meantime the boomsters proceeded to form dozens of companies with no prospects at all. The fires in July gave

the camp a decided setback, but the development work has been actively resumed, and there is little doubt that Porcupine will be an important gold field.

The Cobalt stocks have shown a tendency to drop, and their action have revived the discussion as to the permanency of the camp. Some of the important mines have not found their prospecting this summer yield very satisfactory results in the way of new finds. And of course the spectre of gradual depletion of ore reserves makes its appearance. However, there is ground for supposing that the decline in the quotations of representative shares is in some part due to the action of the banks in weeding out speculative loans in preparation for crop moving.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

SAVINGS BANK AUDITS

By W. H. Kniffin, Jr.

THE first question that arises concerning a savings bank audit naturally is, why should such an institution be examined? And the answer quickly comes, first, that the work of the clerical force may be tested and the honesty and fidelity of the employees proved; and, second, to determine that the institution is solvent, that the management is honest, the assets intact, the liabilities what they purport to be, that it is not violating the law, that the policies are safe and sound, and that the work is reported properly to the board of managers. Small and sometimes large losses occur through carelessness or dishonesty of the clerical force, and it is important that every safeguard shall be afforded the men who receive and pay money, as well as those who handle the securities and records. Every bank owes its employees a reasonable measure of protec-

tion against temptation, and thorough examinations are usually recognized as one of the best if not the chief means to this end.*

BANK MEN ARE HONEST.

It is no doubt true that most bank men are honest, as well as efficient; and while the working force should be subject to examination, the officers themselves should be subject to the same process, and right here it may be well to digress for a moment to say that every bank owes it to itself and to its employees to make the temptation to betray their trusts as light as possible; to this end, every bank should aim to pay its employees an adequate salary, so that the man who handles money or valuables will not be tempted by an

* J. E. Sterrett, C. P. A., before Philadelphia Chapter, A. I. E.

inadequate compensation to do those things which he would never think of doing if he were well paid for his labor. For this reason one large New York savings bank pays its tellers \$4,000 a year.

It is easily to be seen that the teller working on a salary of \$1,500 and handling millions in the course of the year, and obliged by virtue of his office to maintain the dignity of his calling, to dress reasonably well, and to live in a good neighborhood is under a severe test of honesty. The chances are that he would not be tempted if he were paid so well that he could live decently without feeling the pinch of poverty; but if he must carefully economize, cut corners, deny himself most of the luxuries and not a few of the necessities of life, the odds are all against him; and on the other hand, the bank would be the gainer, for no better safeguard can be placed upon the men who are in such positions of trust than to pay them so well that they can have some of the good things of life through honest means. *A contented man is better than an insured one.* Of course, a small salary does not excuse theft, but it often helps wonderfully to explain it; and while the audit should be exhaustive in its test of the working force, banking history shows that few banks are ever wrecked by the men in subordinate positions; those who have succumbed are they who have been brought to ruin by the recklessness or dishonesty of the men higher up.

WHY AN AUDIT?

There is psychology in bank audits as well as in other things. The manner in which it is conducted and the object in mind have much to do with its success. To begin with the assumption that the bank man is honest and the audit will prove him so, is much better than to assume that every man is a rogue and must be caught. The auditor or examiner who enters the bank at nine o'clock in the morning with the air of a detective, "seeking whom he may devour," will find his

work much harder and more unsatisfactory, than if he assumes the role of a helper and advisor, whose duty it is to prove the men honest and to suggest changes for the betterment of the work.

One of the first requisites of a true audit is that the auditor shall go about his business as if he knew what he was about; if he goes into a bank not knowing just where to begin, or what to do, he is certain to make a bad impression, as well as a poor audit.

It is essential that a *savings* bank man audit a *savings* bank, for unless the auditor has had experience in this particular line he cannot know the inside methods by which things are done, and a commercial bank man examining a savings bank or a savings bank man examining a commercial bank is at a serious disadvantage.

A principal reason for the audit is that the work may be kept at a high state of efficiency; a suggestion here and there, hardly called a criticism, will often help in the betterment of the bookkeeping system, and as for loose methods on the part of the managing officials, this should not be tolerated for a single moment. It is no excuse for a body of trustees that they trusted one of their number and gave him unlimited power, as well as unlimited confidence; they have violated the first rule of trusteeship in "trusteeing the trust" which they should have in all honor administered in person; it is not only the trustee's duty, but it is his right to know just what is going on in his institution, and he cannot, either in law or morals, excuse himself for blindness when both law and good management demand that he should see.

Some bank men claim that our banks are examined too much; others, not enough; but however this may be, the savings banks of the mutual type are not as a rule examined more than once a year, which is certainly none too often. The *frequency* of the examination is not as important as the *character* of it, and a loose examination once a week is not as desirable as a com-

plete and comprehensive examination once a year.

The Comptroller of the Currency has of late given a rude shock to all the national bank directors by insisting that they shall really be directors who direct, and not directors who are *directed*, and it has been the fault of the past that managing officials of banks have expected the government or the State to do for them that which they could and should do for themselves.

An internal check is often found advisable through some such means as, in a large bank, an examination by a committee of employees, or by a shifting of the force so that one man will not do the same work continually. Only collusion will then fail to unearth crooked practices; but such internal audit, if made by men who are themselves dishonest, of course avails nothing.

The common method now in vogue is to employ an outside auditor, who has no other interest in the proceedings than accuracy. For many years it has been obligatory on the banks of England to call in outside auditors, who are responsible directly to the stockholders, who, under the English law, may be sent to prison for substantial terms for failure to properly perform their duties, and in one instance such a sentence has been imposed. Such an audit cannot be too highly commended, and now many of the large banks are employing such accountants periodically, not only to check up the work at monthly periods, but to verify the outstanding liabilities as evidenced by the pass books. These men going from bank to bank can frequently suggest changes in methods which will be of no little value in building up an efficient accounting system.

THE SCOPE OF THE AUDIT.

A true audit must necessarily consist of: First, counting the cash on hand and verifying with the statement of cash; all items other than cash, but held as cash, should be fully explained,

and if a petty cash account is carried, to ascertain that it is not abused. Second, all collateral loans should be examined to see that the collateral is what it purports to be; that it is properly pledged; that the accompanying notes are signed, and that the margin is safe. All bonds and securities should be listed; the coupons examined to see that they are all intact; the market value calculated; and if the bonds are carried at investment values, the total of the investment values should agree with the stock account, with proper deductions for amortization charges; if carried at par value, the par value must agree with the par account on the general ledger and the face value of the bonds in the vaults. Mortgages should be examined to see that taxes are paid; that the title insurance is properly issued; that the appraisal certificate of the loan committee or appraiser is on file; that the insurance is in hand; properly assigned and in force, and that the mortgage is not in excess of the legal ratio; in other words, that the papers are complete, and the complete papers of every mortgage loan consist of (a) the mortgage—(b) the bond—(c) the application for the loan—(d) the fire insurance—(e) the search or title policy—(f) the certificate of examination or appraisal, which is usually embodied in the application. Also that the mortgage is properly recorded.

Of course, the *value* of a mortgage loan can only be ascertained by a physical inspection of the property itself by one qualified to judge of its conditions and to pass opinion thereon; this naturally falls to the lot of the trustees or appraiser and should be done at intervals of about three years, the results of which should be reported to the board with recommendations as to the desirability of reducing the loan, or calling it in entirely, with the alternative of replacing the property in its former condition. The borrower can be depended upon to verify the *amount* of his mortgage, and in their interest notices some banks have this provision—a *very good one*.

The furniture and fixture account.

should be carefully examined, as well as the real estate holdings of the bank, for banking purposes, to see that the values are conservative. Other real estate owned by the bank should be examined to see that the deeds are properly recorded; taxes paid, and the property insured in the name of the bank.

If the bank is a stock bank, stock issues should be proven with the stock register and over issues carefully checked. Balances due from other banks should be verified at first hand. The proof of income should be examined to see that the bank really gets what it has earned and that what has been earned has been collected if due. If certificates of deposit are issued, these should be examined to see that the old certificates are canceled when new ones are issued, and that partial payments on the same are properly recorded on the stub. The minute book should be examined to see that the minutes are properly kept and that all matters that should be reported to the board are brought to their attention.

In a large bank, the cash vaults are usually sealed when examination is begun, so that all the money and securities are under the control of the auditor until verified, thus preventing substitution of securities and substitution of cash.

The general administration of the bank may be tested by answers to the following questions: Are loans made to the officers and employees, and if so, under what restrictions and to what extent? Does the bank loan on its own shares of stock, if a capital bank? Are the officers deceiving themselves by carrying securities at more than their market values, thus showing inflated resources? Are the officers and employees under sufficient bonds? Are the trustees' meetings well attended? Are the proceedings kept in a creditable manner? Are the disbursements properly vouchered? Does the expense account actually reflect the salaries and other expenses? It is an axiom of accounting that for every disbursement there should be a proper voucher, and

for all expenditures on expense account for repairs, taxes, and like expenses, there must be a receipt on file in the same amount as appears upon the expense book. Has provision been made in the minutes for sudden help in the case of need, without the necessity for a special meeting? Is the bookkeeping system complete, comprehensive, and modern? Are the clerks changed about frequently? Is there a daily statement taken? Are the officers careful about small things, such as the filing of letters, pass books, vouchers, endorsement on bonds, the insurance in force, indexing, etc.? Are chemical or knife erasures on the book frequent? Are loose leaf sheets and cards properly guarded against manipulation? Lastly, is the whole bank under the control of one man, or is the responsibility properly divided and the work really conducted by the board of managers to whom the management of the bank properly belongs?

In counting cash in the teller's cage, it is well to keep this official present, so that in case any deficit occurs, it cannot be charged that the examiner has been implicated in any form.

Misappropriation of bonds and other securities can easily be prevented by having such securities registered, or by having them under two combinations, the former being preferable. To transfer such a security usually requires a resolution of the board of trustees and a certified copy of the same, together with a copy of the by-laws pertaining to such a transaction.

PROOF OF INCOME.

The withholding on the part of the collecting officers of receipts from interest on bond and mortgages and upon investments can easily be detected by a proof of income, which aims to check the earnings of the bank.

It is eminently desirable that the bank officials should know that the bank has received what it has earned; and to determine this it must first know accurately what its earnings have been, or, rather, will be, for it is an anticipa-

tory process. Many large banks are now giving careful attention to the matter of proof of income, with very great satisfaction.

For auditing purposes the income of a bank should be calculated ahead, that is to say, for the period to elapse until the next dividend is declared. This calculation cannot be made accurately by banks doing a commercial business, but where the business is of a purely savings bank character and therefore permanent, this feature can be handled with considerable degree of accuracy. The income may be calculated on each investment, or class of investments and the receipt thereof ascertained through the cash book. The Committee on Savings Bank Methods and Systems of the Savings Bank Section, American Bankers' Association, gives this as an example: Suppose a bank declares dividends every six months, as of January and July 1. On the first of January an account is opened, debiting it with the income from all investments, bonds, mortgages, etc., due for the current six months. When this income is received, the account is credited with each payment so received. Thus on June 30, if the income has all been received, the account will be closed out; any odd amount of income received during the six months may be easily adjusted. The calculations should be made by the head bookkeeper or auditor and checked by an officer.

TRUSTEES' AUDITS.

The periodical examination by the trustees is quite universal, and the general requirements may be well summed up briefly by reference to the laws of a few of the leading States. Thus, in Indiana, not less than three trustees on or about January first must examine into the securities, loans, cash on hand, and other details of the bank's operations and report to the board, and the report to the department is based upon this examination. Connecticut requires that two auditors, *who are not members of the board*, shall be appointed yearly to make the examination

on October first; these auditors report to the Bank Commissioner. New Jersey requires that three examiners, on or before December 31, shall examine into the condition of the bank, while New York requires that semi-annually, on or before June 30 and December 31, trustees shall examine the cash securities, mortgages, and balances due from other banks, and the report to the bank department is based upon their examination. Maine requires a yearly examination by two trustees. New Hampshire, an independent examination every six months. In Minnesota, on or before February first, a thorough examination by experienced accountant must be made; he must submit a written report attested by two of the principal officers, and the statement of assets verified by two trustees and the person making the examination. Massachusetts has recently amended her law in this regard and now requires what is perhaps the most exhaustive of all savings bank examinations. It was found that the old law which divided the responsibility between the auditing committee and the bank resulted in a lack of thoroughness, therefore a change in the law was made, so that the responsibility for the audit has been placed upon the bank department itself, although the audit is made by a certified public accountant, who may be selected by the auditing committee, but who must first be approved by the Commissioner; the accountant is required to personally supervise the making of this examination, except that with the consent of the commissioner he may verify cash balances if made within six months. In accordance with these ideas, the bank department has prepared what it concedes to be the minimum requirements for an audit, which must be complied with by the public accountant, and copy of his report must be filed with the bank department and with the bank. This department is now verifying every mortgage loan in Massachusetts made to a savings bank by direct communication with the borrower.

A MECHANICAL AUDITOR.

It is always more difficult to prevent embezzlement on the part of a receiving agent than of a disbursing agent, because the latter is compelled to produce a voucher for each expenditure; but unless guarded in some other way the receiver may withhold or destroy the evidence of his having received. There are two classes of methods employed in preventing this in moneyed institutions; one is that which makes another employee cognizant of his doings; and another, that which makes that known to the public. It is manifest that there is no absolute security in the former method. If you multiply the number of hands through which the transaction passes, you somewhat diminish the probability of fraud, but there is always the possibility of collusion; but collusion with the chance public, whose interests are directly opposite, is impossible. Therefore the writer considers that the only security against embezzlement lies in making the acts of a receiving agent to some extent public, as the bell punch does on the horse-car.*

In order to have a complete check on the receipts of the institution, the Union Dime Savings Bank of New York had made for its own use four mechanical tellers, somewhat similar to an adding machine, the operation of which is as follows:

The object is to insure that the amounts entered in the pass books shall be identical with those entered in the books of the banks in amount and in total. Embezzlement in savings banks is almost invariably accomplished by entering in the pass book a correct amount, but accounting to the bank for only a part or none.

The mechanism in question prints the amount of the transaction, with date, in the pass book; and simultaneously prints on a tape within the machine the same amount without a possibility of variation, and also the number of the account. As an additional safeguard it displays, through glass, a total register increasing at each trans-

action. The total indicated by this register, minus the total at the beginning of the day, represents the day's transactions. For this amount the teller is responsible and he is charged therewith in triplicate: 1. the debit entry in the pass book which the depositor may be trusted to verify; 2. the entries on the tape, which when cut out and pasted in a book forms a journal of the amounts to be credited each depositor's account; 3. by the total over which the teller has no control and which must be corroborated by the bookkeeper's work.

Thus without the loss of a second's time, a mechanical check is imposed upon the teller's accuracy and honesty, and that by an inanimate machine incapable of corruption or conspiracy. All methods wherein a second clerk is brought in to check the work by comparison, re-recording or otherwise are subject to two defects, loss of time and the possibility of collusion.

The time occupied is less than where the entry is made in extenso with the pen, and this time may be diminished by one-half when, in very busy times, teams of two work together, one handling the money and the other manipulating the machine.

Although the machines, being the first in use, were expensive, they have probably paid ten per cent. per annum on the cost. But this is not the most important advantage; the security from fraud and error and the ability to know the exact total of liabilities is worth far more.

THE SCHENECTADY IDEA.

What is doubtless the most unique, if not the most complete and comprehensive audit of a savings bank ever devised, has been used by the Schenectady Savings Bank, followed by a few banks in other parts of the country. The idea is to make the audit automatic, and every depositor and every borrower an auditor. The medium is the newspaper. For months in advance notice is given that on a certain day, the pass book *number* and correct bal-

* Bolles' Practical Banking, p. 280.

ance of every account in the bank will be published, and depositors are asked to check their balance as it appears on their books with this published list. The difference, if any, is the accrued interest. Likewise, every mortgage loan, by number only and interest rate is given, and borrowers invited to verify the amount due thereon. These two important features are supplemented by a complete list of the securities in detail, and such other matter as may be pertinent to the occasion.

When the depositors number upward of 20,000, this is no small task, inasmuch as no account must be omitted, or listed in error, either as to number or

amount, and great care must be taken that it be accurate. The results have been eminently satisfactory, the papers being in wide demand on the day when this feature appears. The same matter is issued in pamphlet form and sent out by mail, so that every depositor is sure to receive a copy. The work is quite voluminous, occupying at least ten pages of newspaper space, and is rather costly; but the end has justified the means, and the scheme has had its second trial during the year 1910. It is not only good auditing, but good advertising, as well; for the bank that has nothing to conceal, must by that token be a good bank.

PRACTICAL BANKING

A METHOD OF KEEPING RECORDS OF EXCHANGE TRANSACTIONS

By Gray Warren, of the First National Bank of Minneapolis

THE increasing cost and burden of handling out of town items and particularly "country checks" has become so great that banks generally are taking great interest in anything relating to the subject. The old theory that it was only the final result that counted and that it was not of particular interest if some accounts were carried at a loss so long as the final showing of the bank's business disclosed a reasonable profit is gradually being discarded. It must be admitted that it is best to know just what accounts are valuable and to be able to inform a customer just what it is costing to handle his account. If it shows a loss he will only see the reasonableness of so adjusting it that the account will be worth something to the bank, as no one cares to have his account classed as an undesirable one.

It is also of value to know upon just what basis to open new accounts. It is

the accounts that have the largest number of country checks and large amount of exchange transactions that require the closest scrutiny, as often, judging solely by their average balances, they appear desirable and profitable, while if analyzed they would show considerable loss to the bank.

The exchange account as carried on the general ledger reveals little in the way of general information as to sources from which received and for what paid. The first step then, to secure a knowledge of the exchange transactions of the bank, is to distribute these charges and receipts under different heads and departments. Besides giving the information as to different departments and classes of business this record serves a useful purpose for comparison month by month and year by year. It is a good check upon amounts received as compared with volume of business as well

No.

Arrangement 120

Name of Bank

Address

Month	1910					1911					1912				
	AVER. BAL.	EXCH. AMOUNT	COST OF TRANSF.	EXCH. PAID	EXCH. COLL.	AVER. BAL.	EXCH. AMOUNT	COST OF TRANSF.	EXCH. PAID	EXCH. COLL.	AVER. BAL.	EXCH. AMOUNT	COST OF TRANSF.	EXCH. PAID	EXCH. COLL.
Jan.															
Feb.															
March															
April															
May															
June															
July															
August															
Sept.															
Oct.															
Nov.															
Dec.															
Totals															

FIGURE 1

as to any falling off in receipts or increase in amounts paid in the same volume.

I have found that any material difference in the totals for a month under any of the headings is quickly noticed and the cause located.

Two of the forms shown herewith are arranged for a loose leaf transfer binder and are ruled for a month's transactions, when the balances shown are carried to new sheets for the next

month, thus furnishing comparative figures by months. The different distributions under the different headings are made daily from the debit and credit slips entered on the exchange account in the general ledger.

Taking the "Exchange Received" sheet. Column 1 shows amount rebated, i. e., charges that have been made through error and afterwards refunded by the banks making them. Column 2 shows amounts received from individual

No.

120

Name of Bank

Address

Month	1912								1913							
	AVER. BAL.	REM. REC'D			OUR CHARGE	COST OF TRANSF.	COST OF CHECKS	PROFIT OR LOSS	AVER. BAL.	REM. REC'D			OUR CHARGE	COST OF TRANSF.	COST OF CHECKS	PROFIT OR LOSS
		PAY	CITY	COUNTY						PAY	CITY	COUNTY				
Jan.																
Feb.																
March																
April																
May																
June																
July																
August																
Sept.																
Oct.																
Nov.																
Dec.																
Totals																

FIGURE 2

[illegible]

FIGURE 3

customers on country checks. Column 3, amount received for handling Canadian currency. Column 4, amounts received from individual customers on bill of lading drafts deposited. Column 5, amounts received on collections made. Column 6, amounts received for postage and insurance on currency and securities shipped. Column 7, amounts received from country banks on checks deposited. Column 8, amounts received for foreign exchange bought and sold eastern banks. Column 9, amounts received for letters of credit issued.

Column 10, amounts received from eastern banks for items remitted. Column 11, amounts received for drafts purchased over the counter. Column

12, daily total of all exchange re-
ceived. Column 13, daily balance.

THE "EXCHANGE PAID" SHEET.

Column 1 of the "Exchange Paid" sheet, carries the amounts rebated to customer for overcharge and charges made through error. Column 2, amounts paid for collections made. Column 3, premiums paid for eastern exchange. Column 4, postage and insurance paid for shipping currency and securities. Column 6, express charges and postage and premiums paid for shipments of Canadian currency. Column 8, amounts paid country banks on checks sent them and

NAME _____ ADDRESS _____
INSTRUCTIONS _____ REMARKS _____

YEAR	1910		1911		1912		1913		1914		1915	
	Del.	Es. & Int.	Del.	Es. & Int.	Del.	Es. & Int.	Del.	Es. & Int.	Del.	Es. & Int.	Del.	Es. & Int.
JANUARY		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
FEBRUARY		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
MARCH		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
APRIL		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
MAY		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
JUNE		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
JULY		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
AUGUST		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
SEPTEMBER		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
OCTOBER		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
NOVEMBER		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.
DECEMBER		I		I		I		I		I		I
		Es.		Es.		Es.		Es.		Es.		Es.

FIGURE 4

Notes

[illegible]

CLASSIFICATION OF EXCHANGE RECEIVED

DATE	1 INBY. ON CHECKS	2 CASH CTS.	3 INBY. B.L. DRAFTS	4 CASH	5 INBY. AND DRAFTS	6 COUNTRY DRAFTS	7 FOR B.L. NOT.	8 L. OF C.	9 BANKER DRAFTS	10 INBY. ON DRAFTS	11 DAILY TOTAL	12 BALANCE
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
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24												
25												
26												
27												
28												
29												
30												
31												

"EXCHANGE RECEIVED" SHEET

charged to their account. Column 10, amounts paid on bill of lading, sight and arrival drafts. Column 11, amounts paid to sundry banks on checks sent them to be remitted for. Column 12, daily total of exchange paid. Column 13, daily balance.

The difference between the day's balance of the exchange received and the same day's balance of the exchange paid agree with that day's balance as shown by the exchange account on the general ledger.

EXCHANGE RECORDS.

Analyses of accounts show that the ones that pay best for the effort put forth in analyzing them are those that have the largest number of exchange transactions. On this account it is well to keep records of all exchange transactions of the bank's customers in com-

pact and available form particularly those relating to the handling of country checks.

The country check, its cost and the problems arising from its increasing use, is one of the most important subjects relating to banking that we now have. It is remarkable, too, that at the present time we have so little real knowledge of the matter. Any student of the country check problem will tell you that at the present time it is almost impossible to get all the real facts relating to the question, owing to the lack of records being kept by the requisite number of banks situated in different localities.

Herewith are shown forms that have been found useful in determining the value of different accounts, as well as for general information available when making new arrangements or taking on new business.

Form 1 is that used for country bank accounts. It is printed on heavy card-board and filed in a cabinet drawer. It is printed on both sides, so that it will have the records of a bank for six years. It shows the average balance carried, exchange absorbed, cost of

ance carried (if the balance is carried with the eastern bank it would appear in red ink); par items received from them upon which no charge is made, items on Minneapolis or St. Paul (city items); country checks received; the charge made by us; cost of transfer-

CLASSIFICATION OF EXCHANGE PAID

DATE	1	2	3	4	5	6	7	8	9	10	11	12	13
	Related	COLA	PRIN	POST AND DISCOUNT	FOR EX DOT	CAN CY		COUNTRY BANKS		ST A B OFFS	SUNDRY BANKS	DAILY TOTAL	BALANCE
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
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19													
20													
21													
22													
23													
24													
25													
26													
27													
28													
29													
30													
31													
Totals													

"EXCHANGE PAID" SHEET

transfers made to eastern cities, exchange paid to them for items sent them, exchange collected from them on items received.

Form 2 is the form used for eastern banks from whom items are received. It is of the same size and material as Form 1. It is divided into different headings, owing to the fact that flat rates are charged these banks according to our clearing-house regulations these rates varying according to the class of items. It shows the average bal-

ing the funds to the east; cost on outside checks, and profit and loss on the month's transactions. This card is also printed on both sides and will have the records for four years.

Form 3 is the form used in keeping the daily record, the monthly totals of which are posted to the cards (Forms 1 and 2). These are loose sheets kept in a loose leaf binder, so that as they are filled they can be removed and only the current ones be bound in the book.

Form 4 is the card used for local

customers. It is of the same size and material as the bank cards. It is ruled to contain the records for six years. It shows the average balance carried and exchange collected on items deposited, also interest collected on outstanding items. If any exchange or interest is absorbed, the amount would be entered in red ink.

Form 5 shows a form designed for an analysis of an account and shows

one of the uses to which the information contained in the exchange records may be put. This may be used without computing the per item cost, or if this is desired, no change in the form is necessary as, after it being determined what the cost of handling is per item, by multiplying the total number of items handled by this cost the result may be added to the cost of the account.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

WAIVER IN BODY OF NOTE

EFFECT UPON INDORSER.

Court of Appeals of Kentucky, May 9, 1911.

OWENSBORO SAVINGS BANK VS. TRUST COMPANY'S RECEIVER.

Where a waiver is inserted in the body of a note it becomes a part of the contract of the indorser, as well as of the maker, and is binding upon the indorser.*

THIS was an action upon a promissory note made by the Deane-field Coal Co. and indorsed Guy M. Deane, W. G. Wilson and Gray Haynes. The body of the note contained the following agreement: "The parties hereto, including the makers and indorsers of this note, hereby expressly waive presentment thereof for payment, notice of nonpayment, protest, and notice of protest, and diligence in bringing suit against any party hereto, either maker or indorser." One of the indorsers defended on the ground that he had signed the note in question as indorser, solely for the accommodation of the Deane-field Coal Company, and was, therefore, only a surety and that, having given to the Owensboro Savings Bank & Trust

Company a written notice requiring it to institute suit on the note, and the bank having let two terms of court pass without bringing suit, he was released from liability by virtue of the provisions of section 4668 of the Kentucky Statutes (Russell's St. § 2036).

CLAY, C.J. (omitting part of the opinion): The rule is that, where the waiver is inserted in the body of the note, it becomes a part of the contract of the indorser, as well as of the maker, and is binding upon the indorser. *Bryant vs. Merchants' Bank of Kentucky*, 8 Bush, 43.

PRESENTMENT THROUGH CLEARING HOUSE

WHEN DEPOSITOR BOUND BY.

Court of Civil Appeals of Texas, March 17, 1911.

MERCHANTS NATIONAL BANK OF HOUSTON VS. DORCHESTER ET AL.

The presentment of a check for payment by a collecting bank the day after it is deposited for collection is timely and the exercise of due diligence.

But the time allowed by this rule may be shortened or extended by (1) either express instructions given by the depositor, or an express understanding had between him and the bank in reference to the particular transaction, or (2) by the uniform course

* The Negotiable Instruments Law provides: "Where the waiver is embodied in the instrument itself, it is binding upon all parties; but where it is written above the signature of an indorser it binds him only." —N. Y. Act, Sec. 181.

of dealing previously pursued between him and the bank in the conduct of similar business, or (3) by the known usage of the individual bank in such matters, or (4) by the general usage of the banks and the custom of the banking business in the city or town where the bank is located.

Where a depositor knows that, by the custom of the bank, checks deposited after a certain hour are presented through the clearing house the next day, he is bound by such custom, and cannot charge the bank with neglect for failing to make presentment on the day of the deposit.

IN this case Chester B. Dorchester, as receiver of the Waters-Pierce Oil Company, deposited in the Merchants Nat. Bank of Houston a check for \$1,563.33, drawn by the Texas Lamp & Oil Company on the bank of T. W. House of the same place. This check was presented through the clearing house the next morning, but was dishonored because the drawee had failed. The check would have been paid had it been presented on the day of the deposit.

McMEANS, J. (omitting part of the opinion): When Dorchester, receiver, deposited with the defendant bank a check drawn on the bank of T. W. House, the relation of principal and agent was thereby created, and the agent rested under the duty of exercising due diligence in making presentation of it for collection. (*Bank vs. Triplett*, 1 Pet. 30; 1 *Morse on Banks and Banking*, §§ 214, 219.)

It is well settled that presentment of a check for payment by a collecting bank the day it is deposited for collection is timely and the exercise of due diligence. (*O'Brien vs. Smith*, 1 Black, 99; 1 *Morse on Banks and Banking*, 240; *Kershaw vs. Ladd*, 34 Or. 375.) But it has been held that the "rule giving to the bank the whole of the day following its receipt of the check is liable to be materially qualified through various causes. The time may be shortened or extended either (1) by express instructions given by the depositor or an express understanding had between him and the bank, in reference to the particular transaction, or (2) by the uniform course of dealing previously pursued between himself and the bank

in the conduct of similar business, or (3) by the known usage of the individual bank in such matters, provided the usage is one which the courts can properly sustain, or (4) by the general usage of banks and the custom of the banking business in the city or town where the bank is situated." (1 *Morse on Banks and Banking*, § 242.)

The question that we are now called upon to decide is whether the presentment of the check in question in the manner it was presented—that is, through the clearing house—was the exercise of such diligence in collection as is required by law of the agent, the collecting bank. If so, then the judgment rendered in the court below was clearly wrong.

* * * * *

The foregoing authorities justify us in holding that when the receiver deposited the check in question with appellant bank at a time when he knew it was too late for it to pass through the clearing house that day, and when, as found by the trial court, he knew that the course the check would take would be through the clearing house, and when the undisputed proof shows that by the usage of all the banks in the city of Houston all checks held by either upon the others were settled by a process of exchange through the clearing house, and that it was the general custom, when checks were deposited too late in the day to admit of their going to the clearing house they were held and presented at the clearing house the next day, and that this usage was observed by appellant bank in reference to the check in question, that no negligence on the part of the bank was shown, and therefore there was no liability on the part of appellant to pay to the receiver the amount for which it was drawn. Negligence cannot be imputed to the bank if it acted in relation to the check as it was contemplated between the parties that it would act at the time the check was deposited. In other words, Dorchester knowing that the course the check would take would be through the clearing house, and knowing the hour of the meetings

of the clearing house, and knowing that, if the check was not deposited with the bank on October 16th in time for it to reach the clearing house that day, it would be held over until the next day and then be passed through the clearing house, and if, as the court finds, the check was deposited by Dorchester too late on the sixteenth to go to the clearing house that day, he cannot now complain that the action the bank took and which he knew it would take, and which action was, under the circumstances of this case, with his implied consent and the implied agreement between them, was negligence in presenting the check at the clearing house, and in not presenting it at the office counter of the House bank. In the absence of a usage, such as was shown in this case, it would doubtless have been negligence on the part of the bank to have delayed making direct presentment to the House bank until after business hours on the seventeenth, but the parties in view of the knowledge possessed by both of the usage impliedly contracted that the rule as to presentment to the drawee bank should be substituted by the presentment at the clearing house. While this may not have been such a presentment as the law, in the absence of such usage, required to be made in order that the collecting bank might escape liability, it was nevertheless a substitute for such presentment which the depositor had impliedly agreed to, and, when thus made, absolved the bank from liability for negligence in not making presentment direct.

CHECK PAYABLE TO GUARDIAN

BANK RECEIVING ON DEPOSIT.

Supreme Court of Pennsylvania, Feb. 27, 1911.

HOOD VS. KENSINGTON NATIONAL BANK.

Where a check payable to a person as guardian and so indorsed is deposited by a customer, the bank is not bound to suspect that the guardian is misapplying the funds of his ward.

ON March 29, 1905, there was deposited with the Kensington National Bank, by the Hood Leather Company, a partnership of which Jules

Gigon was a member, a check for \$4,787.02, in form and with indorsements as follows: "No. ——. Atlantic City, N. J., March 29, 1905. Marine Trust Company: Pay to the order of Jules Gigon, guardian for Fred R. Hood, minor, forty-seven hundred and eighty-seven 02-100 dollars. \$4,787.02-100. Estate of James Hood, J. Harry Lyons, Executor." Indorsed: "Jules Gigon, Guardian for Fred R. Hood. For deposit only to the credit of Hood Leather Company. The Kensington Nat'l Bank, Philada., Pa. Prior indorsements guaranteed. W. W. Price, Cashier."

POTTER, J.: In the plaintiff's statement of claim he sets forth that one Jules Gigon was the guardian of his estate, and that as such he received a check upon the Marine Trust Company of Atlantic City, N. J. The said Jules Gigon indorsed the said check, and turned it over to the Hood Leather Company. The latter deposited the check for collection in the defendant bank, and received credit for the proceeds. The theory of the plaintiff seems to be that, because a check came to the bank in the regular course of business, which was payable to a certain person as guardian, the bank was not at liberty to accept the check from any one else, although regularly indorsed by the payee. This theory is far-fetched, and is without any reasonable basis. The bank was under no duty to supervise the acts of Gigon as guardian, nor was there anything in the transaction to be criticised, in so far as the bank was concerned. It was something entirely consistent with the ordinary and proper conduct of business. Gigon may have used the Hood Leather Company as a means of collecting the check. It was at most merely the equivalent of his going to the bank and obtaining the cash, and paying that over to the leather company. Whatever reason Gigon may have had for transacting the business in the precise manner in which he did was his own. The bank was not dealing with him in the matter, but was concerned only with its own customer, the Hood Leather Company, which came

to it with a check drawn upon a bank in another city and state, regularly indorsed, which it was requested to collect. There was nothing in the occurrence to arouse suspicion, or call for comment or question, upon the part of the defendant bank. If there was any misuse of the funds by the guardian, it was, so far as this record goes, something of which the defendant bank had no knowledge, and with which it had nothing to do.

CERTIFIED CHECK AS SECURITY FOR LOAN

VALIDITY OF SUCH AGREEMENT.

Supreme Court of Pennsylvania, Feb. 27, 1911.

INGBER VS. TRADESMEN'S NATIONAL BANK.

A depositor entered into an agreement with his bank that he would draw a check upon his account for \$1,500, which should be certified by the bank, properly indorsed, and then be retained by the bank as collateral for any indebtedness of the maker to the bank: *Held*, that the amount of the check was a proper charge against the account, and could not be recovered by the depositor's executor.

THIS controversy arose out of the appropriation of \$3,000 under the following circumstances: The decedent carried an active account with the bank and desired to make some loans. He entered into an agreement with the bank, in which it was stipulated that he would draw a check upon his account for \$1,500, which check should be certified by the bank, properly indorsed, and then be retained by the bank as collateral for any indebtedness of the maker to the bank. The evidence shows that this arrangement was carried out. At a subsequent date an agreement of the same import, involving the same amount and including the same terms, was made and carried out.

ELKIN, J.: The testimony of the cashier, which is not contradicted, conclusively shows that, upon the very day when each check was certified, it was immediately charged upon the books of the bank against the account of decedent,

in whose lifetime the books were balanced, showing the charges thus made. At the time of decedent's death his own bank book showed the appropriation by the bank of the respective amounts for which the certified checks were drawn. These transactions were carried out in strict compliance with the terms of the agreements entered into, and we can see no reason in law or equity why an agreement of this character, lawful in its terms and properly made in the course of business dealings, should be disturbed. The bank became liable for the payment of the check as soon as it was certified, and very properly charged the account of the maker with the amount of each check as soon as its liability for payment attached. The fact that the bank took this method of securing the payment of existing obligations or of indebtedness to be incurred does not change the nature of the transaction or the liability of the contracting parties. If authority need be cited for this proposition, it may be found in our own cases. (See *Chase vs. Petroleum Bank*, 66 Pa. 169; *First National Bank vs. Gish's Assignees*, 72 Pa. 13; *Hemphill vs. Yerkes*, 132 Pa. 545; *Taylor's Est.*, 154 Pa. 183; *Spott's Est.*, 156 Pa. 281.)

NOTE TAKEN AS COLLATERAL SECURITY FOR PRE-EXISTING DEBT

NEGOTIABLE INSTRUMENTS LAW.

St. Louis Court of Appeals, Mo., March 21, 1911.

NATIONAL BANK OF COMMERCE VS. MORRIS.

Under the provisions of the Negotiable Instruments Law, a bank taking a note on collateral security for a pre-existing indebtedness is a holder for value.

IN this case the defendant executed his negotiable promissory note to one E. A. P. Haynes, a life insurance agent, who thereafter transferred the same to the plaintiff as collateral security for a pre-existing indebtedness which he had owed for about six months. On the part of the defendant it was proved that the note was given to Haynes for a life in-

surance policy which was never issued.

NORTON, J. (after referring to decisions made before the enactment of the negotiable instrument law): That the negotiable instrument law overturns and sweeps away the entire predicate of the prior doctrine is obvious, for, besides recognizing value as consideration, it in express terms declares that an antecedent or pre-existing debt constitutes value. Section 25 of that enactment touching on this question is as follows: "Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value; and is deemed such, whether the instrument is payable on demand or at a future time." Section 25 of Laws of Missouri, 1905, p. 247, same as section 9996, R. S. 1909. Under this section, it is suggested for defendant that, as a pre-existing debt was always sufficient in this State as a valuable consideration for the transfer of a negotiable promissory note before maturity to render the transaction one in due course, if it operated payment of the pre-existing debt, the Legislature intended no more than to recognize and declare the existing law on the subject without extending the rule to the transfer of such instruments for mere collateral security to a pre-existing debt. This argument is manifestly unsound, however, when we consider other provisions of the statutes especially designed with respect to one holding a negotiable instrument as collateral, in which circumstances, of course, a lien thereon obtains in his favor. Section 27 of the act is as follows: "Where the holder has a lien on an instrument arising either from contract or by implication of law, he is deemed a holder for value to the extent of his lien." Section 27, Laws of Missouri 1905, p. 247, same as section 9998, R. S. 1909. By the express terms of this statute, the plaintiff holder of the note in suit who has a lien thereon incident to its collateral pledge is declared to be a holder for value to the extent of his lien. Both the language and the intent of the two sections last quoted, when considered together, are entirely clear to the effect

that a pre-existing debt is value in the sense of the law sufficient to afford a consideration for a subsequent transfer of a note before maturity as collateral so as to accord it the immunities which usually attend the transfer of commercial paper in due course.

That the defense of absence or failure of consideration is not available against a holder of a negotiable instrument in due course is beyond question. Such is the purport of the statute, *supra*. Section 28, Negotiable Instrument Law; section 9999, R. S. 1909. A holder in due course is thus defined in section 52, Laws of Missouri 1905, p. 249 (section 10,022, R. S. 1909): "A holder in due course is a holder who has taken the instrument under the following conditions: (1) That it is complete and regular upon its face; (2) that he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact; (3) that he took it in good faith and for value; (4) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it." The case concedes plaintiff's good faith and that it received the note before maturity. This being true, so far then as important here, this statute declares plaintiff a holder in due course if he took the note for value, and besides section 25, Negotiable Instrument Law (section 9996, R. S. 1909), declaring that a pre-existing debt constitutes value, section 27, Neg. Inst. Law (section 9998, R. S. 1909), reckons with the matter on the basis of a pre-existing debt as sufficient consideration when it declares a lienholder on the instrument therefor shall be deemed a holder for value to the extent of his lien. That the Legislature intended by the negotiable instrument law to change the prior rule of decision on the question in judgment here is so clear that it ought not to be questioned is the opinion given by the Circuit Court of the United States for the Eastern District of Pennsylvania, on considering the Missouri statutes, as will appear by reference to Trust Com-

pany of *St. Louis County vs. Markee*, 179 Fed. 764. Mr. John J. Crawford of the New York Bar, who is the author of the negotiable instrument statutes, in the third edition of his annotations thereon says, on page 42, in discussing the New York statutes identical with ours except for the numbers of the sections: "When its provisions are considered together with the provisions of section 51 [that is, section 25, Laws of Missouri 1905, p. 247; section 9996, R. S. 1909], the intent seems to be clear. The holder, who has taken the paper as collateral security, very plainly has a lien upon it, and therefore is within the terms of section 53 [that is, section 27, Laws of Missouri 1905, p. 247; section 9997, R. S. 1901.] The only question, then, is whether he must be excluded from the operation of this section merely because his lien was acquired for an antecedent indebtedness. But, as the statute in another place expressly declares that 'an antecedent or pre-existing debt constitutes value' (section 51) [that is, section 25, Laws of Missouri 1905, p. 247; section 9996, R. S. 1909], there is no warrant for reading any such exception into the section." Mr. Ogden, in his work on *Negotiable Instruments*, says: "It is now settled in those States which have adopted the act that a note transferred before maturity to a holder in due course, as collateral security for a pre-existing debt, is transferred for value, and the holder takes it free from defenses or set-offs existing between the original parties." Section 128, pp. 115, 116. So far as we have been able to ascertain, in every State where the negotiable instrument law is in force and the question here involved has been in judgment, the courts have declared the effect of the statutes as above set forth, and this, too, notwithstanding the fact that the prior rule of decisions supported the contrary view as in this State. In North Carolina the rule formerly prevailed as here, but the Supreme Court of that State in *Brooks vs. Sullivan*, 129 N. C. 190, 39 S. E. 822, adjudged the provisions of the negotiable instrument law above pointed out

changed it so as to render the holder of a negotiable note for the mere purpose of collateral security to a pre-existing debt as one in due course. To the same effect is the case of *Brewster vs. Shrader*, 26 Misc. Rep. 480, 57 N. Y. Supp. 606, though the rule of decision prevailed in that State prior to the adoption of the negotiable instrument law identically as with us. The same is true as to Michigan, which was one of the States where the court adhered to the same rule as that in Missouri prior to the negotiable instrument law. But, after the adoption of that law, the Supreme Court of the State interpreted it as above pointed out. (See *Graham vs. Smith*, 155 Mich. 65, 118 N. W. 726.) Other authorities directly in point and sustaining the view that an existing antecedent debt affords sufficient consideration under the negotiable instrument law to render one who accepts a negotiable note before maturity as collateral security for such pre-existing debt a holder in due course and for value are as follows: *Campbell vs. Fourth Nat. Bank*, 137 Ky. 555; *Voss vs. Chamberlain*, 139 Iowa, 569; *Payne vs. Zell*, 98 Va. 294; in *re Hopper-Morgan Co.* (D. C.) 154 Fed. 249.

NOTE PAYABLE TO EITHER OF TWO PAYEES

WHAT INDORSEMENT SUFFICIENT.

Supreme Court of Iowa, April 11, 1911.

UNION BANK OF BRIDGEWATER VS. SPIES.

By the provisions of the Negotiable Instrument Law a note payable to either of two payees may be transferred by the indorsement of one of them.

ONE Hugh Blackman was a soliciting agent of the Royal Mutual Life Insurance Company of Des Moines, Iowa. On the 13th of December, 1906, the defendant signed a note for \$268, payable to the Royal Mutual Life Insurance Company, or Hugh Blackman, and due in thirty days, and delivered the same to Mr. Blackman. On the 21st of December, the plaintiff bought the note of Blackman, who duly

indorsed it and delivered it to the bank. The note contained the following provision: "In case of the death of the insured before this note falls due, the above amount with interest shall be deducted from the amount of the policy." The defendant pleaded that the note was procured by the fraud of Blackman, that Blackman had fraudulently changed answers made by the defendant in his written application for the policy in question, and that Blackman had orally agreed that the note would be returned to the defendant if he was not satisfied with the policy.

SHERWIN, *C.J.* (omitting part of the opinion): The appellant's most insistent claim is that the plaintiff failed to prove that it was the owner of the note in suit, and in support of this claim he cites and relies on Code Supplement, § 3060a+1, and authorities to which we shall hereinafter refer. Section 3060a-41 provides: "That where an instrument is payable to the order of two or more payees or indorsers who are not partners, all must indorse unless the one

indorsing has authority to indorse for the others." [1] It is manifest that the note before us does not fall within the terms of the statute, for the reason that it was not made payable to two or more payees or to their order. It was made payable to either one of two payees, and under Code Supp. § 3060a8, its indorsement by either one of the payees named therein would pass title. Under the last-named provision of the statute, a note made payable to one or some of several payees is payable to the order of any of the payees named, and is negotiable. (Selover's Negotiable Instruments Law, § 54; Norton on Bills and Notes, p. 60; Crawford, Neg. Insts. § 27; Bank vs. Lightner, 74 Kan. 736.) In *McNamee vs. Carpenter*, 56 Iowa, 276, and *Gordon vs. Anderson*, 83 Iowa, 224, relied upon by the appellant, the notes were payable to several jointly, and hence the cases are not authority against the rule here announced. Moreover, the evidence in this case shows the absolute ownership of the note to be in the plaintiff without any question.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

CONTRACT WITH RECEIVER OF MANUFACTURING COMPANY

SET-OFF—BUSINESS OF MANUFACTURING COMPANY CARRIED ON BY RECEIVER UNDER ORDER OF COURT—GOODS MANUFACTURED BY RECEIVER FOR CUSTOMER—ASSIGNMENT BY RECEIVER TO BANK OF MONEYS DUE FOR PRICE OF GOODS—RIGHT OF CUSTOMER TO SET OFF DAMAGES FOR BREACH OF CONTRACT MADE WITH COMPANY.

This was an appeal from the judgment on trial of Mr. Justice Britton and was heard by the Court of Appeal for Ontario. The facts appear sufficiently from the following taken from the judgment of Mr. Justice Garroll, who delivered the judgment of the court.

THE Imperial Paper Mills of Canada, Limited, carried on the business of manufacturing paper at Sturgeon Falls, in this province, John Craig being manager. The defendants reside

and carry on business in the city of New York as extensive dealers in paper, acting therein both as ordinary merchants and as brokers. They were also shareholders and bondholders in the paper company for a considerable sum. At the date of the order appointing John Craig receiver and manager, there were outstanding several contracts between the paper company and the defendants for paper to be manufactured and supplied from time to time, which had not been fully performed, but no default prior to the date of Mr. Craig's appointment had taken place, or at least is complained of; and indeed the contrary is alleged in the third paragraph of the statement of defense. By the terms of the order Mr. Craig was not to act as manager beyond November 27, 1906, without the leave of the court. The reason for this limitation doubtless was because all parties were looking forward to a

speedy re-organization of the company with an increase of capital, and the application for a receiver was going on. The re-organization, however, appears to have finally either failed or been postponed, because the receivership and managership were both continued by the subsequent orders referred to by Britton, J.

So far as appears, the first intimation given to the defendants by the receiver and manager of his appointment is that contained in Mr. Craig's letter dated November 3, 1906, in answer to the defendants' letter dated October 31, 1906, in which they say they had seen in the newspapers an intimation that a receiver had been appointed. In that letter they also say: "What does this mean? Will you let us hear from you about it? I suppose there is no likelihood of the mill being shut down, as that would seem the last thing to do. When we last discussed the matter, I think you were hopeful of getting a considerable amount of money from London, on which you would have to pay interest. Has that materialized?" In his reply, Mr. Craig said the appointment was made on a friendly application, for the purpose of carrying out the re-organization, and that there was "not only no likelihood of the mills being shut down, but in this appointment every assurance that the mill will be run."

The defendants were, therefore, plainly aware, almost from the first day, that the paper company affairs had passed into the control of a receiver. And, on the other hand, Mr. Craig was also, from his position as former manager for the paper company, fully aware of the outstanding and unfinished contracts which, it is now contended, he afterwards adopted and undertook to perform.

At what time the hope that Mr. Craig's appointment as receiver and manager was only to be for a short time was dispelled does not appear, but it would probably be some time before Mr. Edwards was appointed on January 9, 1907, joint receiver and manager, and may indeed have been as

early as Mr. Craig's letter to the defendants of November 27, 1906, signed by him as receiver and manager, in which he reminds the defendants that the company is now in the receiver's hands—a reminder which was repeated over and over again in subsequent correspondence—but which information the defendants, on their side, for some time refused to take seriously or to act upon, and indeed more than once combatted the idea that the receivers were not bound by the contracts entered into before October 27, 1906.

The respective positions taken by the parties is very distinctly expressed in two letters, one from the receiver to the defendants, dated January 10, 1907, and the defendants' reply, dated January 19, 1907. In the former, Mr. Craig, after discussing one of the old contracts which for the time he was declining to carry out, says: "This opens up at the same time a larger question. As you are aware, the mills are now running under myself as receiver and manager, and I am not bound to accept or fulfill contracts entered into by the Imperial Paper Mills as a company. In other words, as receiver I am not only entitled to but obligated to cut out of the order book any contracts the acceptance of which would not seem suitable to-day. I quite recognize the hardship that this action would inflict upon your company, and I am unwilling, if this course can be avoided, to take this action, but the receiver has to consider the interests of the bondholders rather than of the company." To which the defendants replied: "On the subject of the larger question, we have to say that we cannot agree with you, and we expect that the contracts we have with your mills, which were accepted by you when you were manager at the mills and have been continued by you as receiver, shall be filled as they stand, and we must hold you responsible for any loss which may come to us from failure on your part to make deliveries, or to keep up the contract quality, or in other respects."

It would serve no purpose to quote

at length from the subsequent correspondence, for from the position thus defined the receivers and managers never afterwards varied or departed. On the contrary, they extended, or at all events elaborated, in it their subsequent letters of April 1 and April 6, 1907; while the defendants moderated their tone very much in their letters of April 3 and 4, and in the latter even condescended to admit that the receivers "are perhaps legally right in certain of the positions you have taken," and further say, "We have felt that your making shipments as heretofore was a tacit, if not an actual, acceptance of the contracts, and this we still feel is morally if not legally so."

In the letter of April 6, 1907, the receivers defined their position with reference to the future to be as follows: "Each specification as it comes in will be accepted or rejected as if it were a new order, independent of any contract. Further than this we cannot go."

This seems to bear upon both classes of contracts, the old as well as the new, and shows very clearly, when the whole letter is read, that the receivers and managers absolutely refused not only to perform the old contracts, but to be committed by any kind of contract, new or old, to a continuous supply of paper at a fixed or agreed-upon price.

At the same time it is to be remembered, in explanation of equivocal circumstances, that all parties were looking forward to a resumption of business by the paper company. In that business the defendants were interested, not merely as customers but as proprietors; and it was a perfectly natural as well as proper thing that the supply of paper to which the defendants had been accustomed, and upon the faith of which they had entered into contracts, the breach of which would entail loss, first upon them, and afterwards upon the paper company, should, as far as was consistent with their duty, be kept up by the receivers and managers, and the ultimate damages thereby minimized. But, bearing all

that in mind, and having regard to all the other facts and circumstances, there being no express adoption of the paper company's contracts by the receivers and managers, and assuming that they had power to do so, it would, in my opinion, be absolutely impossible to imply such an adoption for anything which appears in the evidence. Nor is it shown that the receivers and managers themselves, as such officials, entered into contracts, after their appointment, for a continuous supply of paper of which the defendants have shown breaches either before or after the plaintiffs acquired title.

The proper, and, in my opinion, the only reasonable, inference upon the whole evidence, is that the merchandise, the proceeds of which were assigned to the plaintiffs in May and June, 1907, was supplied to the defendants upon the terms contained and set forth in the letter of the previous April 6 from the receivers to the defendants, not upon any earlier contract, but as entirely new orders.

But, if I am mistaken in this view of the facts, I would still, upon the law, be unable to see how the defendants can succeed. Their claim is distinctly one of set-off and not of counterclaim. That question was disposed of when the case was in this court before, upon the question of pleadings: see 18 O. L. R. 665. The receivers and managers were not dealing with their own goods, as the defendants well knew. Nor were they acting, in what they did, as agents for the paper company, but for the mortgagees, at whose instance they had been appointed, and for whom they were carrying on the business, as the defendants also well knew. In so carrying on the business, the receivers and managers could, of course, contract obligations for which they would become personally liable, but they could not impose an obligation such as that arising under the old contracts upon the mortgagees without the leave of the court. (*Whitney vs. Moss Steamship Co.* [1910], 2 K. B. 813.)

And as to contracts entered into by themselves, the creditors' right to dam-

ages would be directly against them, and only indirectly against any indemnity to which the receivers and managers might be entitled, but the latter right would not justify setting off such a claim against a claim owing to the receivers and managers in their official capacity. (See *Nelson vs. Roberts*, 69 L. T. R. 352.)

In that case the defendant, a receiver and manager, sought to set off, against a claim for which he had become personally liable in carrying on the business, a claim to which he was entitled against the plaintiff as executor of an estate, which the divisional court held could not be done, because the claims did not accrue in the same right—a well-known principle of the law of set-off.

The right which is given by sub-sec. 5 of sec. 58 of the Judicature Act, which enacts that the assignee of a chose in action takes it subject to the equities which would have been entitled to priority over the right of the assignee if that section had not been passed, is a right of equitable set-off. The equities chargeable against the assignee and which fall within that term are those only which arise out of the same transaction as the debt, such as payment, or satisfaction made on account of the debt, failure of the consideration, defective execution of the consideration, such as defects in the quality of the goods sold or work done, or a lien, or the right to avoid the transaction for fraud, or other sufficient grounds. But it does not include mere cross-claims arising from transactions independent of the debt assigned. See *Leake on Contracts*, 5th ed. (1906), p. 836, and the cases there cited, to which may be added *Rawson vs. Samuel*, 1 Cr. & Ph. 161, where, at p. 178 et seq., the subject is discussed at some length by the then Lord Chancellor (Cottenham). See also *Watson vs. Mid Wales R. W. Co.*, L. R. 2 C. P. 593, and *Christie vs. Taunton Delmard Lane & Co., Limited*, 41 W. R. 475.

For these reasons, I agree with the judgment of Britton, J., and think the appeal should be dismissed with costs.

SALE OF COLLATERAL

RELEASE BY CUSTOMERS OF CLAIM
AGAINST BANK—MONTHLY ACKNOWLEDGMENT OF CORRECTNESS OF BALANCE SHOWN BY BOOKS.

The plaintiff was a commission merchant in Winnipeg and a customer of the Home Bank. In May, 1908, he hypothecated 40,000 bushels of oats to the bank and turned over bills of lading against bills of exchange, eight in number, for 5000 bushels each. Later he undertook as the attorney and agent and trustee of the bank to sell the property and obtained these bills and sold the oats to Richardson & Son at 42½ cents per bushel, received a check for the proceeds and deposited same in the Home Bank. On June 1 Richardson & Son told the plaintiff there had been a mistake in their instructions and that they only wanted 10,000 bushels for which they would pay forty-three cents a bushel. The plaintiff agreed and immediately brought to the bank the bills for 40,000 bushels of oats and obtained a new draft upon Richardson & Son, Toronto, attaching the bills of lading for 10,000 bushels. He also gave the bank a draft upon one McLennan of Toronto attaching the remaining six bills for 30,000 bushels. The draft on McLennan was unpaid for some time and on the eighteenth of June an employee of the plaintiffs wrote to the bank, instructing them to sell the 30,000 bushels at 43½ cents per bushel. The bank, however, without giving any written notice or otherwise complying with Section 89 of the Bank Act, sold the oats for 36½ cents per bushel. Shortly afterwards the price of oats rose and the oats in question could have been sold at the price mentioned in the letter to the bank. The plaintiff brought this action against the bank for the difference in price between that realized and that mentioned in his letter of instructions.

JUDGMENT (METCALF, J.): The defendants urged that the transaction of June 30 was in reality a substitution for the bills already hypothecated; while the plaintiff contended that the deposit of the price received from Richardson & Son on May 30 satisfied the prior hypothecation and that the transaction of June 1 was a new and independent one without any special agreement and that the sale by the bank was unlawful. The judge then referred to a receipt given monthly by the plaintiff to the bank from the end of June until May of the following year which were signed for by the plaintiff

in person or by an agent whom the judge found to be fully authorized. The receipt was as follows:

"The undersigned hereby acknowledges receipt of the checks charged in said accounts."

The bank contended that even if the sale was unlawful it, the bank, was nevertheless released from liability by its receipts. The judge found the form of receipt sufficient to bar the plaintiff's action in this case. He then referred to the plaintiff's contention that while these receipts had been signed, he was unaware of their contents and would not have signed them had he understood their effect. He proceeds:

"I think the bank when it caused such a form to be prepared, intended it to be what it plainly purports. In view of such palpable intention, can the plaintiff now say, because I did not know the contents of such documents, which I have signed, not once, but many times, and extending over a long period, I am not now bound thereby, notwithstanding the evident intention of the bank. It is not alleged, not even hinted, that there was any fraud on the part of the bank in procuring such release. The consideration therefor seems sufficient and under all the special circumstances of this case, I must hold the release valid and, except as to the item for interest, dismiss the action."

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

INDORSEMENT OF DEPOSITOR — AUTHORITY TO INDORSE

NEW YORK, August 1, 1911.

Editor Bankers Magazine:

SIR: A is a depositor in a bank, and has a clerk, B, who is in the habit of writing A's name on the back of checks and depositing them in A's account. Is it necessary for the bank to require the clerk to file a power of attorney, showing his authority to indorse? BANK CLERK.

Answer: Where the check is placed to the account of the payee, the question of the clerk's authority is of no practical importance. For if A could draw against the proceeds of the check this would amount to a ratification of the act of the clerk; and if he were to repudiate the clerk's act, the bank would be in a position to protect itself by cancelling the credit.

TAXATION OF BANK STOCK — INVESTMENTS IN U. S. BONDS

BOSTON, MASS., July 25, 1911.

Editor Bankers Magazine:

SIR: Why is it that when taxes are assessed upon private individuals, no tax is imposed upon the United States bonds

which they own, while national banks have to pay a tax upon that part of their capital which is invested in such bonds? This appears to me a discrimination against the banks. STOCKHOLDER.

Answer: The National Bank Act provides: "Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the Legislature of each State may determine and direct the manner and place of taxing all the shares of National Banking associations located within the State, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any National Banking association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere. Nothing herein shall be construed to exempt the real property of associations from either State, county or municipal taxes, to the same extent, according to its value, as other

real property is taxed." (Rev. Stat. U. S. Sec. 5219.) Concerning this statute the Supreme Court of the United States has said: "The interest of the stockholder entitles him to participate in the net profits earned by the bank in the employment of its capital, during the existence of its charter, in proportion to the number of his shares, and, upon its dissolution or termination, to his proportion of the property that may remain of the corporation after the payment of its debts. This is a distinct independent interest

or property, held by the shareholder like any other property that may belong to him. Now, it is this interest which the act of Congress has left subject to taxation by the States, under the limitations prescribed." As, then, the tax is upon the shares and not upon the capital stock, it is not necessary that any deduction should be made for that portion of the capital stock which is invested in United States bonds. (Val Allen vs. Assessors, 3 Wallace, 573; Mechanics Nat. Bank vs. Baker, 65 N. J. Law.)

INVESTMENTS

Conducted by Franklin Escher

SYSTEMATIC SAVING

INVOLVING CONSCIOUS EFFORT OF MIND, ITS EDUCATIONAL
VALUE IS INCALCULABLE

By Charles T. Greene, Financial Editor Brooklyn Daily Eagle

THE educational value of a thing rests in its availability as a training for the human mind, and nothing that does not involve a conscious effort can properly be considered mental training. While Matthew Arnold, the great English critic and essayist, rather deprecated "system" and contemned those whose minds seemed to have a natural bent for "method," yet it is only in the completed cycle of these that we, of smaller minds than either critic or essayist lays claim to, find our greatest happiness.

Although many of us are prone to cry out against "routine" and are guilty of sporadic attempts to wriggle out of what we are pleased to term "a rut," we really find most pleasure in the regular recurrence of acts and events. This is proven in our enjoyment of the regular cadences of poetic diction, in the tempo of music, the antiphony of light and darkness and the orderly recurrence of the seasons. We even speak

of the "round of pleasure" and the "round of duties." And this is so largely because we are created as we are. In other words, our most satisfying emotions are based upon a physiological fact—the regular beat of the heart. The unit of time upon which both the measures of poetry and music are founded is the interval between two heartbeats.

System, then, being a natural standing together, as its etymology signifies, an orderly array of things so circumstanced as to be nicely interdependent is the foundation of all rational acts. Knowledge that is not systematic is of very little use. It is erratic, irregular and does not possess a sense of perspective or an appreciation of proportion. In other words, it is apt to be but a conglomeration of facts in which their interrelation is nowhere apparent or appreciated. It is absolutely without any humanizing force.



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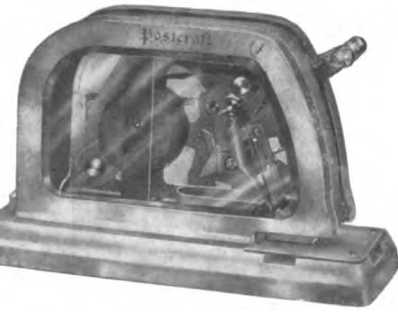
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A SAVINGS ACCOUNT IS TO THE INDIVIDUAL WHAT A SURPLUS IS TO THE CORPORATION.

Most everybody feels that he ought to save; but few act in accordance with such conviction, largely because they do not realize its relation to the general scheme of life. Perhaps it has never occurred to them that a savings account is to the individual what a surplus is to a corporation—an utter necessity, if any hopes of success are entertained by its founders. Incorporators of any legitimate enterprise invariably take the precaution not only of having a paid-up capital, but also a paid-up surplus before they undertake to do business. And during the first few years of operation, the best endeavors of the officers are directed toward earning additions to their surplus fund. Distribution to stockholders is postponed until a margin of safety above actual cash requirements is reached. Then the rate of distribution is based not upon the whole amount earned, but only upon the remainder after a fixed percentage has been deducted for transfer to the surplus.

THE SURPLUS IS THE MEASURE OF A CORPORATION'S RESPONSIBILITY.

The surplus item in any great corporation, whether it be industrial, fiduciary or whatnot, is the measure of its stability and responsibility. Against whatever may eventuate tending to destroy that which had been erected with so much pain and labor, the reserve in the surplus fund measures the power of resistance.

Now, if it were fully appreciated that systematic savings on the part of the individual is merely the process of accumulating a surplus, many more would make a conscious effort to save than now do. Sporadic saving is of no avail. It usually involves no conscious effort, for it is easy enough to lay aside, when a repository is at hand, that which one finds in his pocket and of which he has no immediate use. Such saving involves no preconceived plan or purpose of acquiring a surplus and therefore

is of no educational value to the human mind.

But any education to be of service to society must be humanizing. There is a danger in over-intellectuality, in too great an amount of sheer intelligence. Humanizing knowledge has a direct bearing on human relations; knowledge that is not humanizing while increasing one's intellectuality does not nurture one's idea of his responsibility to others. And here let me accentuate the humanizing tendency of systematic saving. It is twofold, moral and ethical. Primarily, the latter is dependent on the former. The moral side is applicable to the individual himself; the ethical to the aggregation of individuals called society.

CIRCUMSTANCES EXERT POWERFUL INFLUENCE IN MOULDING CHARACTER.

As Robert Owen pointed out, circumstances have a great deal to do with the forming of character, and proper housing is, perhaps, one of the most potent of the character-forming circumstances. The many philanthropic movements to reduce the congestion of population, to improve building and sanitary laws, to propagate the first principles of hygiene, the building of modern tenements and dwellings but bear testimony to this proposition. But the *Cyclopedia of Social Reform*, in dealing with the subject at length, concludes with the significant declaration that the coöperative building and loan societies accomplish more good than all the disinterested efforts of avowed philanthropists combined.

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upon a system of saving, the single purpose being to increase the individual ownership of homes, that our country is indebted. The savings invested in homes and homesteads are without parallel in Europe or anywhere else. Indeed, the ownership of homes of our people is the bulwark of the republic.

MISSOURI, KANSAS AND TEXAS — KANSAS CITY SOUTHERN

By Robert S. Dana, of Alfred Mestre & Co.

MISSOURI, KANSAS & TEXAS was incorporated in 1870, and operated at the close of the 1910 fiscal year 3,072 miles of road, extending from Hannibal, St. Louis, and Kansas City, Mo., on the north, to San Antonio and Galveston, Texas, on the south, with numerous branches. In June, 1910, the company purchased the Texas Central Railroad, adding thereby 308 miles of road to its system, and in June of the present year it was announced that the Wichita Falls & Northwestern lines, which operate some 280 miles of road, had been acquired. These purchases should prove very profitable, as the roads named serve rapidly developing sections in the central part of Texas and the western part of Oklahoma, and both of them are large earners.

Kansas City Southern was incorporated in 1900, and operates 827 miles

of road, extending almost due south from Kansas City to Port Arthur, Texas, on the Gulf. There has been no growth in the mileage operated by this company since its incorporation, all the energies of the management having been devoted to building up a large business on its existing lines, and to bringing the property into a first class condition. Eventually, it is very likely that steps may be taken to increase the mileage of the road, either by building branch lines or by absorbing lines that already exist.

These railroads traverse a rich and fertile territory, and have steadily grown in earning power during the past ten years. Although serving a section largely devoted to agriculture, the freight tonnage of these roads is fairly well diversified, which renders their earnings less subject to violent fluctua-

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tions. Their physical condition has been greatly improved in recent years by the expenditure of large sums on permanent betterments.

Below is given a table covering the most important points in the operation of these properties for the fiscal year ending June 30, 1910. The figures in each case have been reduced to a per mile basis, so that a proper comparison can be made. Notes and equipment obligations have been included under bonded debt, while taxes and rentals have been included under fixed charges.

dividend requirements and still show a per mile surplus over four and one-half times larger than that of Missouri, Kansas & Texas.

In the item of freight density, or the number of tons carried one mile per mile of road, Kansas City Southern is far in the lead, and although Missouri, Kansas & Texas receives a higher average rate per ton per mile for its freight, the greater density and the heavier train load of the former road enable it to report larger gross revenue and higher train mile earnings. In passen-

PER MILE STATISTICS.

Year ending June 30, 1910

	Mo., Kan & Tex.	Kans City Sou.
Average miles operated.....	3,072	827
Stock outstanding	\$24,837	\$61,669
Bonded debt	38,362	49,760
Total capitalization	63,199	111,429
Gross earnings	8,646	11,602
Operating expenses	6,246	7,580
Total net income.....	2,501	4,136
Fixed charges	2,162	2,332
Balance for dividend	339	1,804
Preferred dividend	169	1,016
Surplus	170	788
Operating ratio	72.2%	65.3%
Passenger density	117,673	73,993
Freight density	528,021	1,204,937
Av. freight train load, tons.....	216	361
Ton mile rate	1.05c	0.73c
Train mile earnings	\$1.93	\$2.19

A study of the above table shows that Kansas City Southern has much the heavier capitalization of the two properties, although the bulk of this capitalization is in the form of stock. Its earning power, however, is considerably greater, in consequence of which it is able to meet its heavier interest and

ger business the Missouri, Kansas & Texas makes the better showing. Not only is the density in this case considerably higher, but the earnings per passenger train mile are also larger.

Each of these companies has reported substantial increases in earnings during the 1911 fiscal year, the latest state-

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ments being for the eleven months ending May 31, last. For this period, Kansas City Southern's net per mile, after the payment of operating expenses and taxes, was \$3,606, an increase of \$290, and the net of Missouri, Kansas & Texas amounted to \$2,063 per mile, an increase of seventy-one dollars over the same period a year ago.

TERRITORY COVERED.

In making a comparison between these two properties it is well to take into consideration the extent of territory which each covers. Kansas City Southern is a short, through route from Kansas City to Port Arthur. This latter place ranks third among the Gulf ports and twelfth among the ports of the United States in the value of its foreign commerce. The opening of the Panama Canal will probably mean as great an expansion for this port as for either New Orleans or Galveston. Should the Canadian reciprocity measure now pending be ratified, it would cause the diversion of part of the large volume of wheat traffic from the Canadian Northwest, destined for foreign ports, which now is booked via Montreal, to Kansas City and thence to the Gulf. Owing to the shortness of its line, Kansas City Southern should benefit largely from the increased traffic that would follow the consummation of reciprocity and the opening of the Panama Canal to the commerce of the world.

Unlike Kansas City Southern, a large part of the mileage of Missouri, Kansas & Texas is made up of branch lines. Many of these branches are small carriers at present, which accounts for the lighter density and lower gross receipts of this road as compared with Kansas City Southern. These branch lines, however, tap a territory of

large extent that is wonderfully fertile, and rapidly growing in population and wealth. They will increase in earning power as the territory they serve develops and should in time become important parts of the system. Add to this whatever benefits may accrue to the road from reciprocity and the opening of the Panama Canal, as set forth in the preceding paragraph, and a bright future for the property seems assured.

INVESTMENT VALUES.

In view of the excellent progress made by these railroads during the past ten years and their brilliant future prospects, it is safe to say that their underlying bonds may be regarded as among the most conservative of railway investments. The junior issues, while more speculative in character, should be perfectly safe, as the roads are able to show a substantial margin of safety above all fixed charges. In time these junior lien bonds should reach a high investment plane as the bonds which precede them are gradually retired.

The preferred stocks have not been in the dividend ranks long enough to be classed among the high grade railroad preferred issues. At the same time, however, there is no reason at present to doubt the ability of the companies to maintain the four per cent. dividends on these stocks indefinitely, and at their present market prices they are an excellent speculative investment for the business man.

The common stocks are purely speculative in character, but offer a very attractive opportunity to those who wish to operate in low priced securities with the prospects all in favor of a substantial advance taking place within a reasonable time. Dividends on these stocks cannot be expected for some years to

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come, but considering the excellent condition of the railroads at present and their future prospects, as above set

forth, it seems altogether probable that these expectations will eventually be realized.

A WORD OF CAUTION

By William Gilman Low, Jr., Vice-President Trust Co. of America

SINCE the great forward movement in American industry came to a close during the days following the panic in the year 1907, there has apparently been constant expectation in the minds of many people that the commencement of a similar movement was to be certainly expected. While it would be unwise to say that such expectation will not be realized, I have not sympathized with such anticipations so far as the present and immediate future are concerned, and I do not to-day see evidence upon which to base a change in this particular.

Broadly speaking, that great industrial and speculative movement which commenced upon the termination of the silver agitation, ran its course during a period of ten years, and the great financial upheaval which followed in the year 1907 was a natural sequence to the preceding course of events, and, properly considered, was a symptom rather than a cause, of the present condition of the industrial and financial worlds.

A NEW ERA.

There may be a question permitting of further discussion, whether or not the panic above referred to definitely marked the end of the speculative era to which I have referred, but for the

purpose of this brief discussion it may be fair to assume that, approximately, it did so, and that our attention should be directed to what I prefer to call the new era into which I believe the country is now emerging. Since the year 1906 certain changes of a profound nature have taken place, but, though marked in their effects since that date, properly owe their inception to the period antedating the panic. These changes are many and of varying consequence; some of them are already fully apparent, and others are, although apparent, not as yet equally marked in significance. Roughly speaking, I am inclined to group these changes into two parts: First, *political*; second, *philosophical*.

I do not share in the view of those persons who consider that the economic condition of the country as a whole has of late radically altered. True, there has been a gradual change going on which is tending to bring the country more nearly on the economic basis of other great commercial nations, such, for example, as England, France and Germany, but to my mind the nation is as yet by no means so situated as to warrant the assumption so easily, and in many cases superficially, drawn to the effect that land is becoming overcrowded and no longer able to produce

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great quantities of surplus food supplies. The truth of this assertion will, I believe, be generally recognized by students of economic conditions.

The profound changes, however, to which I refer and which I have grouped in the two classes above indicated as political and philosophical, may briefly be outlined as follows:

PROFOUND CHANGES SINCE 1906.

Legislation, both by Congress and by State legislative action, has been of recent years directed with great earnestness toward the extension of national and State control over such business as is conducted under possible legislative supervision. The result has been not merely to overburden business officials, but has served to introduce great confusion into the minds of persons responsible for the conduct of business, as to the exact meaning of many laws so enacted. It has become increasingly apparent that there is a settled and consistent animus back of such legislative action, which seems to be directed rather toward the subjection of business than the protection of the people from extortionate demands and improper methods on the part of business officials. Many of the laws enacted within the last few years have undoubtedly added to the stability of the business world; but a very great many, on the other hand, are not merely superfluous, and, therefore, undesirable, but also positively detrimental to the proper and orderly conduct of substantial business. Were these laws purely national, the situation, although unfortunate, would not be nearly so bad as it is owing to the grave complica-

tions and confusions introduced through varying State laws, many of them inconsistent with each other. The weakness of the American legislative system has become increasingly evident, and the demand for uniformity of legislation on points of vital consequence is growing ever stronger. I should indeed be glad did I find evidence of any tendency on the part of the legislators to regard their work in the field of business legislation as in any way settled, but I am unable to note any such indication.

In the second group there has also been a profound change, becoming ever more apparent to the great mass of people. The country no longer appears to regard with toleration the maintenance of the protective system with which the business world has surrounded itself for many years past. Once it was the boast of the average American that there was so much business to be developed in his country that he was indifferent to maintaining business relations with the outside world. Upon this theory, crude as the statement of its underlying principle may appear, the system of protection has been based. It has been like a forcing process directed to the development of life, and the cost, which is high, has been cheerfully paid by the people in the fond belief that they were steadily enriching themselves in spite of the price which they were paying.

I am not proposing to discuss the intricate question of the benefit, or disadvantage, of the forcing process for a time employed, but desire to call attention to the fact that no longer is it possible to say that one great political party in the country is unquestionably



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committed to the maintenance of this system. It is not necessary to seek for a cause leading to a change in the philosophical point of view; sufficient for our purpose to note the fact that if the country is to-day persuaded of one thing, it is persuaded of its desire to lower the cost of living. Thus we see that the business world is confronted not merely with legislative interference with its methods, methods which have developed through many past years of legislative indifference and which have brought grave evils in their train, but is equally confronted by an apparent determination on the part of the people to sweep away such artificial restraint as has been imposed upon the free movement of trade between this country and other nations. I do not mean to say that the country has as yet committed itself with respect to unrestricted free trade, but the mind of the people is unquestionably directed toward that finality.

If we are willing to assume that my conclusion in this respect is correct it is desirable from every point of view that we consider briefly the line of development along which the business world is likely to move during the process of readjustment.

DURING THE READJUSTMENT.

If readjustment is to come it signifies change, and change may be either beneficial or the reverse, so far as results may determine, while the process itself is seldom immediately pleasant or helpful. I believe it will be generally

recognized that considerable change, or readjustment, has already taken place, some of the effects of which are already recognized as beneficial, while there is little difference of opinion on the point that the process has not been altogether pleasant during the past few years. If I am right in assuming that a still further, and probably greater, readjustment is yet to come, I am equally right in calling attention to the fact that the period during which such change is likely to occur will not, in all probability, be a period in which conditions favorable to further business expansion on a broad basis are likely to prevail. Broadly speaking, the most important point to determine in our consideration of the line along which business will develop, is the ascertainment of the basis upon which our business world will be called upon to compete with the great commercial nations of the world. Assuming that the conclusion at which I have arrived is correct, namely, that the mass of the people is determined to secure a broad, permanent reduction in the cost of living, and to secure this end the nation will move far in the direction of free trade with other peoples, it would appear that the most vital consideration in connection with such competition is the basis on which our business world can produce and sell its products. Have we, or have we not, broadly speaking, overcapitalized the business world as a whole? A conclusive answer to this question would go far in the direction of answering the original proposition as to the basis on

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which our business world must look forward to conducting its affairs. While it is probably out of the question to give a final or conclusive answer, it is nevertheless possible to indicate certain aspects of the economic situation in this country, and a tentative conclusion at least may be drawn in connection therewith.

ARE WE OVERCAPITALIZED?

It is unquestionably true that proper capitalization as a basis for free competition must vary almost as greatly as do the characteristics of the various peoples concerned in competition. For example, a proper capitalization for a railroad being built for the first time through a new but promising territory, would be very much below that which would be reasonable for an established road in a thickly and long-settled district. While it may certainly be desirable from the point of view of the comparatively few persons who ride on a new railroad in a sparsely settled district that their trains be as handsome and the roadbed as substantial, as in an older district, it would not be proper from an economic point of view; and in the same sense it is true that a powerful and highly developed commercial nation may capitalize itself far beyond that of a smaller and less powerful one, and still not be unable to properly enter into free competition. I am outlining this proposition in order to avoid a confusion which often enters into the mind of the average person, who is prone to regard high capitalization as in itself necessarily detrimental to proper and effective competition. Using this illustration as a basis, I desire to indicate my opinion that such overcapitalization as exists in this country (and much undoubtedly does exist), cannot be considered as necessarily prohibiting a free

and effective competition with other nations of the world.

It is a fundamental economic principle that free competition will, if not otherwise modified, bring about a reduction in prices at which sales may be made, and in the consequent struggle for a market that individual, or group, which sells cheapest will secure the market. In time the operation of this law will drive out of existence overcapitalized groups, whether they be partnerships, corporations or business worlds. New combinations will thenceforward spring up at a lower capitalization, and upon that basis will be enabled to compete. It would appear likely that the broad effect upon the business world in this country of the great movement toward free and more competitive trade will be to lower the cost of living and at the same time force out of existence such groups as are so greatly overcapitalized as to be unable to successfully compete.

ARE WE EFFICIENT?

There is one feature of the readjustment question which has not, in my opinion, been sufficiently considered, but which in all likelihood will be forced upon the direct attention of the country at a not far distant date, namely, the cost of labor. There is a pleasant and easy going idea widely held to the effect that, taken as a whole, this is an efficient country. It would doubtless startle many people were they to believe the assertion which I make to the effect that the country is not, generally speaking, efficient. It is probable that a no more potentially efficient people exist, but that we are as a nation efficient in the true sense of the word, I do not believe to be the case. It is altogether probable that one of the most far-reaching effects of the readjustment

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of business which appears to be impending will be a great gain in the efficiency of the operations of the business world. It may be conceded as a fact that the workmen of this nation will, for a great many years to come, have a relatively better opportunity to maintain themselves in comfort than in any other great commercial nation of the world; but that the present rate of wages, taken as a whole, will persist, I do not believe.

In conclusion then, I may say, that I believe the outlook for a broad expansion of business and a new so-called forward movement not promising; that

the period of readjustment is not only not over, but probably not more than fairly entered upon, and that the results, while likely to be of great benefit to the country in the future, will prove by no means easy or pleasant during the period of their accomplishment. It is proper, however, in concluding these brief remarks, to call attention to the very long strides already taken toward securing a greater degree of stability in the financial life of the country, and to the great gain in earnestness and purpose with which the leaders of financial thought are approaching these problems.

TRUSTS AND COMBINATIONS HERE AND ABROAD

By William C. Cornwell, of J. S. Bache & Co.

IF the Congressional investigations were undertaken in a spirit of obtaining knowledge as to the best method of operating such great industrial concerns as the Steel Corporation, the American Sugar Refining Company, the Smelting Company, etc., etc., with reference to finding the most beneficial results in adjusting the questions of competition, the rights of the smaller concerns, the equalization of profits for the benefit of the consumer and the fair adjustment of wage schedules, there might be some justification for a movement. It would then be conducted in the quiet manner of an economic or scientific research, and instead of being disturbing, would be encouraging to the general industrial progression. But it is in no such spirit of enlightened purpose that these actions are started, but rather with a menacing attitude of one holding a club. The explanation

of it all is perfectly simple, when it is understood that all this is merely an attempt at the preparation of campaign material.

BENEFICIAL INFLUENCE OF THE TRUSTS.

The testimony in the Steel investigation went to show that restraint, even of competition, by the Steel Corporation was of the most moderate character, and that as to restraint of trade (that is, restraint of the total volume of this kind of business throughout the country and of the number of business people employed) there was none at all. In fact, in this particular, the evidence was all for *increase* in trade, due to the Steel Corporation's existence. The conditions outlined by Judge Gary, as prevailing before the merger, show in the steel trade, at that time, bloody war-

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fare for extermination. At one time, the witness said, the Carnegies had reduced the price of steel rails to sixteen dollars a ton, and the Federal Steel Company was nearly driven out of business. Judge Gary continued:

"I have no desire to reflect upon the management of anyone, but the impression was quite general that if Andrew Carnegie had continued in the business and maintained destructive competitive conditions, the Carnegies would have soon enjoyed a monopoly of the trade."

This same sort of history pertains to the Harvester business. For fifty years previous to the formation of the International Harvester Company fierce war had been waged between rival makers of farm implements in America.

Two hundred companies formed and fought during that period, and by 1902 all but a dozen had gone to ruin. Some of them were great concerns, but none could withstand this competition, which was war to the knife. Millions of dollars in capital were wiped out. Of the dozen companies left in 1902, several were badly disabled and some on the brink of failure. If the warfare had been continued all but the two strongest would have succumbed. These two would then have had the whole field and prices would have been raised exorbitantly, working hardship to the farmer, and would have continued many years, as the former record of disasters would have kept capital out of this field for a long period.

The Harvester Company brought commercial peace and incalculable benefit to the farmers.

The Steel trust controls only sixty per cent. of the country's steel business, and this includes the export trade. With that eliminated the Steel Corporation's supply to the domestic trade represents only fifty per cent. of the production.

These great combinations often start out as monopolies, and under the workings of economic law soon become mere competitors in the ranks. This was true of the Sugar trust.

Eighteen years ago the Sugar Company did eighty-eight per cent. of the refining business of this country. In 1909 the percentage had declined to forty-one per cent., but with this low percentage of all the business, the company was doing a larger volume than when it controlled eighty-eight per cent. of the output.

The country is apt to forget the vast value to our export trade of these great trusts. When the Steel Corporation was organized its exports were about 300,000 tons of iron a year. At the present time sales approximate 1,500,000 tons. All this means millions and millions of dollars brought from abroad, in payment to this country, and makes possible a favorable foreign balance, without which we must soon drift into hard times.

The advantage of trusts, big and little, to the United States is a thousand times greater than any possible disadvantage. Yet the people are taught to hate them.

A little reflection will convince people, of the great evils which prevailed before combinations were introduced for the purpose of putting an end to destructive competition. This competition was disastrous to both Capital and Labor, and the workingmen who lived through that period know how employment was constantly in jeopardy through failure and extinction of one enterprise after another.

"TRUSTS" IN OTHER COUNTRIES.

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about without agitation and without dragging the question into the political field and getting the great body of people excited against the large industries which have made the country commercially great.

That this could have been effected by peaceful, orderly means, is proved by the experience of other countries. For instance, Germany has vast industrial organizations, really Trusts, but not so called. These are named "Kartels." They are "gentlemen's agreements" between great concerns. They are encouraged and fostered by the government, which has full information of their operations and is often itself an owner of some of the industrial concerns interested. They are not, however, permitted to oppress or conduct trade in an unfair manner. Any act of this kind is immediately prosecuted by the Government. If a merchant considers himself injured in any way by unfair competition but is not financially able to prosecute, the Government gives his case immediate consideration, and he is soon relieved if wrong is disclosed. All this is done without fuss or publicity, and the whole great machinery of commerce moves on prosperously and without undue friction.

In America we must have this thing done in the political limelight, with consequent great detriment to general business.

BUSINESS COMBINATIONS ABROAD.

The ideas in regard to the desirability of competition in business which are prevalent in the United States are not held in other highly civilized countries. Competition entails many extra expenses increasing eventually cost to the consumer; carried to excess it becomes destructive and is accompanied with great economic loss. We have had

many demonstrations of this in America. In France (and in Germany, as has been said), for some years, efforts have been directed towards industrial peace, instead of industrial warfare, and more than a decade ago there began to be formed combinations which would tend to decrease general expenses and to uphold prices on a plane of living profit. These combinations differed from our trusts in that the attempt was not made to buy up and put into one large company the smaller concerns. Each of the concerns continued independently carrying on its own operations in its own way and in its own name, but all were bound under an agreement as to prices. Before these combinations or "groupements" (to use the foreign expression), were organized, trade was warring internally, house against house, with profits correspondingly reduced, and wages fluctuating. Now the large manufacturing concerns, textile, etc., are harmonized under the groupe plan, and all are prospering happily. Wages also are more regular and more remunerative. Prices are adjusted upon a basis dependent upon supply and production. There is no attempt to extort great profits but an equitable and just profit is charged, and these prices are changed to suit the varying conditions of business. Each group has an *inspector* whose business it is to visit the various companies to ascertain if the agreements are being complied with. Any infringement is visited with a heavy penalty. All this is legal and is done openly. Further than this, within the last two years German manufacturers in the same line of business have joined with their former French competitors and have become parts of the French "groupements," so that stability of prices is further maintained not only throughout Germany and France re-

spectively, but in whatever foreign countries the goods are sold. A proceeding like this in America would be looked upon with holy horror, and the perpetrators would be in danger of punishment.

In America great economic problems are worked out with utter disregard of the experiences of other nations and we only finally arrive after years of destructive political experiments. This has been our course in the great questions of the Tariff and of the Currency. Neither is on a sound basis, both have caused endless disturbance to business,

and the latter is responsible for repeated severe disasters and enormous losses, through its panic-breeding propensities.

OTHER NATIONS PROSPEROUS.

To-day other nations of the world are prosperous, France, Germany and England especially so, also Canada which lies along our border, while America, the richest in natural resources of them all, lags on through despondent profitless years. The cause is easy to discover.

UP TO SEVEN PER CENT.

By Charles E. Merrill, of Geo. H. Burr & Co.

CAREFULLY selected industrial preferred stocks of proven merit yield a larger return with safety than any other readily marketable investment securities.

The following tables give a list of twenty of the more prominent companies. These companies, which are representative of the general class of industrial corporations both in respect to financial standing and the character of product, have regularly paid full dividends on their preferred shares every year since they were issued.

From this list the investor can select seasoned securities yielding an income of five and one-half to seven per cent.

SAFETY OF PRINCIPAL.

The great earning power of these companies entitles their preferred shares to high rank in the investment field. However, it is a good rule for the average investor to confine his purchases to the preferred stocks of companies which have no bonded indebtedness and are amply supplied with working capital.

Particularly desirable are the preferred stocks whose dividends are cumulative and which, moreover, have preference as to assets as well as dividends. Such preferred shares, being a first lien

on all assets and earnings, are equivalent in every essential particular to first mortgage bonds, and yield larger returns than other readily marketable securities of equal safety.

STABILITY OF INCOME.

The net profits of these twenty companies for the past six years, as set forth in the comparative statement, show an ample, and, on the average, a steadily increasing margin of safety above the dividend requirements on the preferred shares. Earnings for the past year show a substantial increase over the average of the past six years.

The earnings on the preferred shares of the ten companies having no bonded indebtedness (Group I.) have averaged 17.98 for the past six years, or more than two and one-half times the dividend requirements on their preferred stocks. A diversified investment in these ten stocks at the present prices would yield the excellent income return of 6.33 per cent., with as near absolute safety as can be had.

The net profits (net earnings less all interest charges) of the ten companies in Group II., a portion of whose capital obligations is represented by bonds, have averaged 17.19 per cent. for the past six years, or two and one-half

GROUP I.—INDUSTRIAL PREFERRED STOCKS HAVING NO BONDED INDEBTEDNESS

	Per Cent. Earnings Available for Pfd. Dividends. Six Year Average.	Last Fiscal Year.	Record Continuous Dividends.	Div'd Rate Per Ct.	Present Yield (about).
American Car & Foundry Co....	16.54	13.63	11 years	(a) 7	6.11%
American Piano Co.....	(b) 11.74	12.31	3 years	7	7.37
American Radiator Co.	31.12	39.91	11 years	7	5.47
American Sugar Refining Co....	(c) 18.28	15.17	20 years	7	5.98
American Woolen Co.....	10.03	9.98	11 years	7	7.53
Brunswick Balke Collender Co..	22.46	23.95	(e) 26 years	7	6.67
General Chemical Co.....	13.78	18.07	11 years	6	5.77
International Harvester Co....	(c) 16.69	24.69	(d) 8 years	7	5.65
McCrum-Howell Co.	22.47	26.07	7 years	7	7.22
National Biscuit Co.....	16.64	18.62	12 years	7	5.56
Average	17.98	20.24	12 years	6.9	6.33

GROUP II.—INDUSTRIAL PREFERRED STOCKS

	Per Cent. Earnings Available for Pfd. Dividends. Six Year Average.	Last Fiscal Year.	Record Continuous Dividends.	Div'd Rate Per Ct.	Present Yield (about)
Amer. Agricultural Chem. Co...	11.43	15.31	11 years	6	5.77%
American Cotton Oil Co.....	17.53	19.45	18 years	(a) 6	5.71
American Locomotive Co.....	16.25	8.03	9 years	7	6.54
International Steam Pump Co..	12.48	13.77	11 years	6	6.74
Pressed Steel Car Co.....	15.28	14.78	12 years	(a) 7	7.22
Railway Steel Springs Co.....	12.79	13.00	8 years	7	7.29
United States Steel Co.....	21.45	24.32	9 years	7	5.88
Virginia Carolina Chemical Co..	17.77	24.20	15 years	8	5.91
American Tobacco Company....	29.46	37.31	6 years	6	6.12
American Type Founders Co....	17.53	16.15	12 years	7	7.00
Average	17.19	18.68	11 years	6.7	6.41

(a) Non-cumulative. (b) Three year average. (c) Four year average.
 (d) Preferred stock issued 1907. (e) Preferred stock issued 1910.

times the preferred dividend charges. The income return from a diversified investment in these ten stocks would amount to 6.41 per cent.

MARKETABILITY.

The preferred stocks mentioned herein are readily marketable, being listed on the New York or Chicago Stock Exchanges, or are traded in actively in the open market. This makes them acceptable collateral for loans and provides an opportunity to either increase or decrease his holdings as the investor may desire.

APPRECIATION IN VALUE.

In comparison with past prices, industrial preferred stocks at the present level offer attractive opportunities for safe and profitable investment. In several instances the yield and the promise of appreciation in market value, based upon intrinsic worth and earning capacity, are sufficiently attractive to satisfy the most discriminating investor.

The opportunity for profitable investment is greatest where newly issued securities have not yet had the appreciation in market value which steady absorption by investors generally produces.

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	Bid.	Asked.
Albany & Susquehanna (D. & H.)	283	290
Allegheny & West'n (B. R. I. & P.)	135	145
Atlanta & Charlotte A. L. (So. R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	105	109
Beech Creek (N. Y. Central)	93	98
Boston & Lowell (B. & M.)	214	219
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	25
Boston & Albany (N. Y. Cen.)	220	224
Boston & Providence (Old Colony)	294	...
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	124	140
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	135	140
Catawissa R. R. (Phila. & Read.)	109	...
Catawissa R. R. 2d pfd.	109	...
Cayuga & Susquehanna (D.L.&W.)	210	220
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	10	20
Christopher & 10th St. R. R. Co. (M. S. R.)	100	120
Cleveland & Pittsburg (Pa. R. R.)	165	169
Cleveland & Pittsburg Betterment	95	100
Columbus & Xenia	202	210
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	165
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	146
Conn. River (B. & M.)	268	...
Dayton & Mich. pfd. (C. H. & D.)	185	195
Delaware & Bound B. (Phila. & R.)	190	198
Detroit, Hillsdale & S. W. (L. S. & M. S.)	93	96
East Pa. (Phila. & Reading)	128	138
Eighth Av. St. R. R. (M. S. R. C.)	260	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	135	145
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133
Franklin Tel. Co. (West. Union)	35	45
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	265	270
Gold & Stock Tel. Co. (W. U.)	108	114
Grand River Valley (Mich. Cent.)	118	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	95	102
Illinois Cen. Leased Lines (Ill. Cen.)	93	96
Jackson, Lans. & Saginaw (M. C.)	83	88
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	138	150
Kan. C. Ft. Scott & M., pfd. (St. L. & S. F.)	75	80
K. C. St. L. & C. pfd. (Chic. & Al.)	120	135
Lake Shore Special (Mich. S. & N. Ind.)	320	340
Little Miami (Penn. R. R.)	209	...
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	150	160
Mine Hill & Schuylkill Hav. (F. & R.)	124	...
Mobile & Birmingham pfd. 4% (So. Ry.)	66	78
Mobile & Ohio (So. Ry.)	78	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	175
Nashville & Decatur (L. & N.)	180	190
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	115

	Bid.	Asked.
N. Y. & Harlem (N. Y. Central)	285	300
N. Y. L. & Western (D. L. & W.)	118	122½
Ninth Av. R.R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	150	160
North Pennsylvania (Phila. & R.)	192	...
North R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	108	114
Nor. & Wor. pfd. (N.Y.N.H.&H.)	210	...
Ogden Min. R.R. (Cen.R.R.of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	186	...
Oswego & Syracuse (D. L. & W.)	210	220
Pacific & Atlantic Tel. (W. U.)	65	68
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	60	70
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	165	169
Pitts. Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	121	126
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	190
Rome, Watertown & O. (N.Y.Cen.)	118	122½
Saratoga & Schenectady (D. & H.)	160	...
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	105	115
Troy & Greenbush (N. Y. Cent.)	165	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	123	...
Utica & Black River (Rome, W. & O.)	165	170
Utica, Chen. & Susq. (D. L. & W.)	144	147
United N. J. & Canal Co. (Pa.R.R.)	241	244
Valley of New York (D. L. & W.)	117	123
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D. L. & W.)	165	170

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Clg. 4s. "B" Mar. 15, '12.	99½-100¼	5.10
Bethlehem Steel 6s. Nov. '14.	100¼-100½	5.60
B. R. & P. Equip. 4½s.	99½	...
Chic. & Alton 5s. Mar. 15, '13.	98 - 99½	5.25
C. H. & D. 4s. July, '13.	98½ - 99½	5.05
Diamond Match 5s. July, '12.	100	5.00
K. C. R. & L. 6s. Sept., '12.	94 - 97	6.50
Maine Central 4s. Dec., '14.	99 - 100	4.25
N. Y. C. Equip. 5s. Nov., '14.	101¼-102½	4.15
N. Y. C. Equip. 5s. Nov., '16.	102¼-103½	4.15
N. Y. C. Equip. 5s. Nov., '19.	104¼-105½	4.15
N.Y.N.H.&H. 5s. Jan., '12.	100¼-100½	3.93
No. American 5s. May, '12.	100 - 101	5.00
St. L. & S. F. 4½s. Feb., '12.	98¼ - 98½	5.60
Southern Ry. 5s. Feb., 1913.	99½-100¼	5.45
Tidewater 6s. June, '13.	101¼-101½	5.35
Western Tel. 5s. Feb., '12.	100¼-100½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	65	80
Arkansas, Oklahoma & Western	10	10
Atlanta & West Point	130	140
Atlantic Coast Line of Conn.	240	252
Buffalo & Susquehanna, pref.	7	10
Central New England	10	15
Central New England, pref.	20	27
Chicago, Burlington & Quincy	200	210
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref.	60	80
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	140	...
Cincin., N. O. & Tex. Pac., pref.	105	...
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve. Cin., Chic. & St. L., pref.	92	95
Delaware	42	46
Des Moines & Ft. Dodge, pref.	30	40

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhodes & Company, Bankers.
Dealers in Investment Securities, 45 Wall St., New York.

Name and Maturity	Price.	Yield.
U. S. Gov., reg. 2s, 1930	100½-100½	1.95
U. S. Gov., reg. 3s, 1918	101½-101½	2.60
Panama Canal, reg. 2s, 1936	100½-100½	1.82
Dist. of Columbia 3-6½s	105-106	3.08
Alabama 4s, July, 1956	103½-104½	3.75
Panama 3s, 1901 (new issue)	102½-102½	2.85
Colorado 4s, '22 (op. '12)	99-100	4.00
Connecticut 3½s, Apr., '30	99-102	...
Louisiana 4s, Jan., 1914	98½-99½	4.10
Massachusetts 3½s, 1940	91½-93	3.90
New York State 3s, '59	101-102½	2.90
Tenn. New Settlement 3s, '13	97-97½	4.15
Va. 6s, B. B. & Co. cts., 1871	50-51	...
Boston 3½s, 1929	92½-95	3.95
New York City 4½s, 1957	108½-109	4.06
New York City 4½s, 1917	102½-102½	3.98
New York City 4s, 1959	99½-100	3.90
New York City 4s, 1955	99½-99½	4.01
New York City 4½s, 1960	102½-103	4.11
New York City 4½s, 1930-1960, 102½-102½	102½-102½	4.05
New York State Canal 4s, 1960, 102½-105	102½-105	3.78
New York City 3½s, 1954	88½-88½	4.05
New York State 4s, 1961	102½-103	3.85

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

	Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J 50 60
Bway Surf Ry 1st 5s. 1924	J&J 101½ 103	
Bway & 7th Av stock	120	140
Bway & 7th Av Con 5s. 1943	J&J 101 102½	
Bway & 7th Av 3d 5s. 1914	J&N 99 101	
Col & 9th Av 1st 5s.	1933	M&S 98 100
Christopher & 10th St.	QJ 90 110	
Dry Dk E B & Bat 5s. 1932	J&D 97 99	
Dry Dock E B & Bat Cts 5s	1914	F&A 30 40
Lex Av & Pav Fy 5s. 1922	M&S 98 100	
Second Av Ry stock	8	11
Second Av Ry Cons 5s. 1948	F&A 45 48	
Sixth Av Ry stock	120	128
South Ferry Ry 1st 5s. 1919	J&D 85 90	
Union Ry 1st 5s.	1942	F&A 101½ 103
Westchester El Ry 5s. 1943	J&J 65 75	
Yonkers Ry 1st 5s.	1946	A&O 75 80
New Amst Gas Cons 5s. 1927	J&J 101½ 102½	
Central Union Gas 5s.	1927	M&S 101½ 103
Equitable Gas Light 5s. 1930	J&J 101½ 105	
N Y & E R Gas 1st 5s. 1944	J&J 103 107	
N Y & E R Gas Con 5s. 1945	J&J 99 101	
Northern Union Gas 5s. 1927	M&N 100 102	
Standard Gas Light 5s. 1930	M&N 105 107	

	Bid.	Asked.
Westchester Light 5s. 1950	J&D 102 104	
Bklyn. Ferry Gen. 5s. 1948	...	15 24
Hoboken Fy 1st mtg 5s. 1946	M&N 104 107	
NY & Bkn Fy 1st mt 5s. 1911	J&J 90 96	
NY & Hobok Fy Gen 5s. 1946	J&D 96 99	
NY & East River Fy.	QM 15 25	
10th & 23d St Ferry.	A&O 80 40	
10th & 23d St Fy 1st 5s. 1919	J&D 55 60	
Union Ferry	QJ 21 24	
Union Ferry 1st 5s.	1920	M&N 97 100

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Investment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4%	4½
Bufl., Roch. & Pitts. 4½%, Apr., '27	4%	4%
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4%	4½
Ches. & Ohio 4%, Oct., '16	5	4½
Chic. & Alton 4%, June, '16	4%	4%
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5½	4½
Del. & Hud. 4½%, July, '22	5	5½
Erie 4%, Dec., '11	5½	4½
Erie 4%, Dec., '14	5	4½
Erie 4%, Dec., '19	5	4½
Erie 4%, June, '16	5	4½
N. Y. Cent. 5%, Nov., '11	4%	4½
N. Y. Cent. 5%, Nov., '13	4%	4½
No. West. 4%, Mar., '17	4%	4½
Pennsylvania 4%, Nov., '14	4½	4½
So. Ry. 4½%, Series E, June, '14.	5½	4%

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real Estate Securities, 42 Broadway, New York.

Realty Bonds.

Bonds are all traded in (and accrued interest).

	Bid.	Asked.
American Real Estate Co., Gold 6% 91	96	
Broadway Realty Co., 1st Mtg. 5% 101	105	
Broadway Realty Co., 3d Mtg. 5% ...	80	
Estates of Long Beach, 5%	78	84
Greeley Square Realty Co., 5%	85	
Hotel Rector, 2d Mtg., 6%, 1919	85	
Improved Property Holding Co. of N. Y., 6%, Series A	102	105
Improved Property Holding Co. of N. Y., 6%, Series B	96	100
Mortgage Bond Co., 20 yr. 4% ...	85	89
Monaton Realty & Inv. Corp., 6% ...	85	95
N. Y. R. E. Sec. Co., Gold Mtg. 6% 98½	100	
N. Y. Realty Owners, Guar. 6% ...	88	95½
N. Y. Central Realty Co., Gold 6% ...	85	90
Queensboro Corp., Part. 5%	94	100
U. S. Realty & Imp. Conv. Deb. 5% 89	91	

Realty Stocks.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com. 5%	...	200	...
Ackerson, T. B. Co. pfd. 8%	...	99	100
*Alliance Realty Co., 8% Q. Apr. 121	125		
Bond & Mtg. Guar. Co. 12% Q. Feb. 243	250		
City Investing Co. com.	52	58	
City Investing Co. pfd.	98	102	
City & Sub. Homes Co. 4% Jne & D. 8	9		
Lawyers Mortgage Co. 12% Q. Jan. 263	269		
Lawyers T. I. & T. Co. 12% Q. Jan. 240	248		
Monaton Realty & Inv. vesting Corp. pfd.	95	110	
N. Y. Mtg. & Sec. Co. 12% Q. Jan. 212	217		
N. Y. R. E. Sec. Co., Conv., 1st pfd.	7%	98	100
Realty Associates	6% J. & J.	110	115
Second United Cities	...	...	...
R'lty Co., Ser. A, pfd. 5%	...	75	
Title Guar. & Trust Co. 20% Q. May 485	487		

* 6% extra dividend 1910.

COAL BONDS.

Quoted by Frederic H. Hatch & Co., Dealers
in Investment Securities, 30 Broad St., New
York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	83	87
Cahaba Coal Min. Co. 1st 6s, 1922.	105	105
Clearfield Bitum. Coal 1st 4s, 1940.	80	80
Consolidated Indian Coal 1st Sink- ing Fund 5s, 1935.	79	84
Continental Coal 1st 5s, 1952.	95	100
Fairmount Coal 1st 5s, 1931.	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951.	99	101
Monongahela River Con. Coal & Coke 1st 6s, 1949.	109	113
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947.	95	100

ACTIVE BONDS.

Quoted by Swartwout & Appenzeller, Bankers,
Members New York Stock Exchange, 44 Pine
St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101½	102½
Amer. Steel Foundries 4s, 1923.	67	68
Amer. Steel Foundries 6s, 1935.	102½	105
Balt. & Ohio, Southwest. Div. 4½s.	90½	91
Bothlehem Steel 5s	94	95
Chlc., Burlington & Quincy Gen. 4s.	96½	96½
Chlc., Burl. & Quincy Ill. Div. 4s.	99	99½
Chlc., Burl. & Quincy Ill. Div. 3½s.	87½	88
Cln., Hamilton & Dayton 4s.	99	99½
Denver & Rio Grande Refng 5s.	89½	90
Louis. & Nashville unified 4s.	98½	98½
Mason City & Ft. Dodge 4s	83½	84½

FOREIGN GOVERNMENT AND MUNICIPAL
BONDS.

Reported by Zimmermann & Forshay, 9 Wall
St., New York.

	Bid.	Asked.
German Govt. 3½s	93¼	94¼
German Govt. 3s	83¼	84¼
Prussian Consols 4s	102	103
Bavarian Govt. 4s	101½	102½
Saxony Govt. 3s	83	84
Hamburg Govt. 3s	81½	82½
City of Berlin 4s	100½	101
City of Cologne 4s	100	101
City of Augsburg 4s	99½	100½
City of Munich 4s	100	101
City of Frankfurt 3½s	92	93
City of Vienna 4s	95	96
Mexican Govt. 5s	99	100
Russian Govt. 4s	91½	92½
French Rente 3s	94	95
British Consols 2½s	77½	78½

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers,
Members of the New York Stock Exchange,
24 Broad St., New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com. 33	36	36
Bonds, 6%, due 1932 (Int.)	90	95
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	73	76
Arizona Power Co. bonds, 6%, due 1933	85	85
Arizona Power Co. pref.	56	56
Arizona Power Co. com.	19	22
Great Western Power Co. bonds, 5%, due 1946	85½	86
Mobile Elec. Co. bds., 5%, due 1946	88½	90
Mobile Electric Co. pref., 7%	90	95
Mobile Electric Co. com.	82½	82½
Amer. Power & Lt. Co., pref., 6%	83	84
Amer. Power & Lt. Co., com.	76	76

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and
Dealers in Miscellaneous Securities, 33 Wall
St., New York.

	Bid.	Asked.
Adams Express	220	230
American Brass	120	125
American Chiclc com.	235	255
American Chiclc pref.	102	107
American Coal Products	94½	97
American Express	210	218
American Gas & Electric com.	56	58
American Gas & Electric pref.	42	44
Babcock & Wilcox	100	102
Borden's Condensed Milk com.	122½	125
Borden's Condensed Milk pref.	107	109
Bush Terminal	90	100
Childs Restaurant Co. com.	173	173
Childs Restaurant Co. pref.	113	117
Del., Lack. & Western Coal	310	320
E. W. Bliss com.	75	90
E. W. Bliss pref.	122	130
General Motors com.	45	48
General Motors pref.	81	84
Gray National Telautograph	6	8
Hall Signal com.	8	15
Hudson & Manhattan com.	15	18
International Nickel com.	243	248
International Nickel pref.	95	100
International Silver pref.	112	117
Kings Co. E. L. & P.	125	127
Otis Elevator com.	70	75
Otis Elevator pref.	100	105
Pacific Gas & Electric com.	70	72
Pacific Gas & Electric pref.	89	91
Penn. Water & Power	55	60
Phelps, Dodge & Co.	205	215
Pope Manufacturing com.	40	50
Pope Manufacturing pref.	68	78
Producers Oil	90	105
Royal Baking Powder com.	195	202
Royal Baking Powder pref.	107	109
Safety Car Heating & Lighting	119	122
Sen Sen Chiclet	130	140
Singer Manufacturing	255	265
Standard Coupler com.	42	47
Texas & Pacific Coal	96	102
Thompson-Starrett com.	120	130
Thompson-Starrett com. (with cert.)	140	150
Thompson-Starrett pref.	100	110
Tri-City Railway & Light com.	28	33
Tri-City Railway & Light pref.	87	94
U. S. Express	90	93
U. S. Motors com.	31	33
U. S. Motors pref.	72	74
Union Typewriter com.	40	43
United Cigar Stores	225	240
Virginian Railway	22	28
Wells Fargo Express	155	158
Western Pacific	14	17
Western Power com.	29	31
Western Power pref.	59	61
Worthington Pump pref.	106	106

1911 BANKERS' CONVENTION
CALENDAR

AMERICAN INSTITUTE OF BANKING—Septem-
ber 7 and 9, Rochester, N. Y.; Secretary,
C. H. Marston, National Shawmut Bank,
Boston.

ILLINOIS—October 11, 12, Springfield; Sec-
retary, R. L. Crampton, Chicago.

AMERICAN BANKERS' ASSOCIATION—Week of
Nov. 20, New Orleans, La.; Secretary,
Frank E. Farnsworth, New York City.

EDUCATIONAL WORK OF THE AMERICAN INSTITUTE OF BANKING

By Brandt C. Downey, Chairman Executive Council American Institute of Banking

THE American Institute of Banking is a school and not a social club. This fact is understood and appreciated within the Institute itself, but owing to the circumstance that Institute festivities and Institute politics have been unduly magnified, the popular conception of the objects and methods of the organization is somewhat chaotic. The constitutional purposes of the Institute are (1) the education of bankers in the theory and practice of banking and such principles of law and economics as



BRANDT C. DOWNEY

CHAIRMAN EXECUTIVE COUNCIL AMERICAN INSTITUTE OF BANKING; CASHIER CENTRAL NATIONAL BANK OF INDIANAPOLIS

pertain to the banking business; (2) the establishment and maintenance of a recognized standard of banking education by means of official examinations and the issuance of certificates; (3) the propaganda of sound banking and financial principles among bankers and the general public.

In suitable cities bank employees are organized in chapters for educational work in accordance with the class method of instruction. The same system is utilized in individual banks and other financial institutions. Outside of classes in chapters and individual institutions the correspondence system of instruction is employed. The correspondence method lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thoroughness and thought. So far as actual acquirement of knowledge is concerned the advantages of the correspondence method of instruction fully offset its disadvantages.

Among chapter members and individual students there are now 315 Institute graduates, and the fact that the Institute certificate has become recognized as the chief object of Institute ambition gives to the organization a substantial character which nothing else could attain. Following is a list of Institute graduates up to the present time:

BALTIMORE, MD., Roland Benjamin, John Broening, Jr., Geo. W. Collars, Raymond B. Cox, W. K. Erdman, W. H. B. Evans, James D. Garrett, George P. Gleisner, Adrian J. Grape, P. S. Hensel, O. G. W. Levy, Charles H. Mueller, George Ott, Graeson Ray, W. Wilson Taylor.
BEMIDJI, MINN., A. G. Wedge, Jr.
BOSTON, MASS., Olaf Olsen.
BUTTE, MONT., Geo. T. Watts.
CHATTANOOGA, TENN., T. R. Durham, F. L. Underwood.
CHICAGO, ILL., G. E. Bangs, Charles L. Beers, A. R. Bennett, H. L. Benson, Wilbur S. Blanchard, Lester B. Brady, Wm. Bruebach, Robert J. Clarke, Charles S. Cole, F. A. Crandall, Harold W. Dorn, O. W. Draeger, Herman E. Ellefson, Joel W. S. Flesh, Adolph Floreen, Paul Foerster, Jr., Wm. R. Forsberg, Fred B. Frizell, E. J. Golt, Grover A. Guthaus, Robert E. Hanneman, Harry C. Hein, E. D. Hulbert, James E. Hull, W. E. Hutschemeuter, E. W. Jaeger, Walter L. Johnson, David Johnstone, Herbert Jones, J. R. Jullin, Thad S. Kerr, A. L. Koopman, Frederick L. Lothrop, V. C. McGill, Louis J. Meahl, Walter A. Mueller, F. E. Musgrove, Thos. J. Nugent, W. W. O'Brien, M. F. O'Connor, James E. O'Riley, Carl Otto, Charles A. Peterson, Louis Rich, John W. Rubecamp, T. G. Schafrank, J. C. Shirley, Robert I. Simons, Harry S. Smale, S. L. Southard, Elmo Stevenson, Frank C. Tank, F. H. Thiese, Owen V. Van Camp, J. A. Walker, Wm. E. Walker, Charles W. Wilson, Ralph C. Wilson.
CLEVELAND, OHIO, Clay Herrick.
CINCINNATI, OHIO, John P. H. Brewster, Charles W. Dupuis, Herman J. Guckenberger, Howard D. Thomas.
DULUTH, MINN., John L. Evans, Henry Grieser, C. J. Grogan, R. C. Kreimer, G. H. McCarthy, H. C. Matzke, A. W. Taylor, John R. Wells.
FLUSHING, L. I., Alfred G. Freeman.

HAVANA, CUBA, James C. Martine.
KALISPELL, MONT., H. V. Alward.
LE SUEUR CENTER, MINN., S. H. Whitney.

LOS ANGELES, CAL., H. E. Allen, Leo S. Chandler, A. S. Forman, H. C. Hurst, P. W. de Lacy, S. W. Murray, W. H. Thomson, Edw. H. Wallace.

MILWAUKEE, WIS., F. E. Bachuber, C. W. Brew, J. H. Daggett, H. J. Dreher, W. H. Hasse, Daniel T. Lelsk, Otto N. Ludwig, Frank T. Nicolai, J. H. Puellicher, A. W. Scheer, Edward Schranz, Jr., Christie Sherman, Alexander Wall.

MINNEAPOLIS, MINN., I. F. Cotton, E. A. Ripley, Gray Warren.

NEW ORLEANS, LA., Joseph L. Benton, Victor L. Bernard, Fritz Borgemeister, John Dane, Richard G. Fitzgerald, Harry Hardie, R. S. Hecht, William B. Machado, Robert J. Palfrey, Frank L. Ramos.

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OAKLAND, CAL., John Davidson, Frank M. Cerini, John E. Gustafson, L. H. Heacock, Frank C. Mortimer.

PHILADELPHIA, PA., E. Leslie Allison, Edw. C. Bell, E. F. Benner, M. E. Benton, James B. Borden, R. M. Brandriff, Darsey Butler, R. W. Campbell, J. K. Cope, Jr., David Craig, A. L. Crispen, E. J. Davis, H. E. Dells, Elmer G. Dutton, Arthur R. Elmer, Charles B. Engle, Wm. S. Evans, Frank C. Eves, Carl W. Fenninger, Jacob Frank, Robert U. Frey, William G. Friedgen, Morton Frick, H. J. Haas, J. H. Hall, W. E. Hitchcock, Charles R. Horton, J. T. A. Hosbach, A. A. Kelsner, J. C. Knox, Harry Kollock, Vincent B. Kulp, E. N. Mattinger, W. A. Nickert, Charles T. Patton, A. W. Pickford, M. D. Reinhold, Adin P. Rich, John R. Roberts, C. P. Rowland, T. H. Runcie, T. A. Ryan, T. W. Scattergood, Thos. W. Smith, Freas Brown Snyder, Milton W. Stevenson, F. A. Stickney, Robert G. Test, K. L. Thornton, E. H. Thurman, Stuart White, A. H. Wilson, M. J. Woerner, John H. Wood.

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ROCHESTER, N. Y., John Henderson, Jr., F. Mutschler, C. F. Rothmeyer, F. M. Simpson, Frank S. Thomas.

ROSSBURG, OHIO, Albert W. Kehrer.

SALEM, VA., C. W. Beerbower.

SALT LAKE CITY, UTAH, T. W. Ball.

SCRANTON, PA., John Benfield, Joseph Davis, Geo. B. Dimmick, H. L. Dimmick, A. L. Dymond, T. A. Gibbons, J. D. D.

Gladding, John Greiner, Jr., L. A. Howell, W. B. Kramer, E. R. Kreitner, Geo. C. Nye, F. H. Pierce, Wm. Rodriguez, Harry J. Ryan, Norris S. Swisher.

ST. LOUIS, MO., Franklin L. Johnson, F. J. Miller, Byron W. Moser, Walter A. Wilkinson.

ST. PAUL, MINN., F. H. Delaney, Albert Johnson, E. O. Nordstrom, Gilbert C. Utz.

WASHINGTON, D. C., Joshua Evans, Jr., C. H. Doing, Jr., W. F. D. Herron, J. Burr Johnson, Carroll Pierce, W. W. Spald, E. S. Wolfe.

WILLIAMSPORT, PA., Edward L. Taylor. WRIGHTSVILLE, PA., Charles H. Moore. ZEELAND, MICH., Thos. Keppel.

During the past year a majority of chapters have used the Institute study course as a basis of their educational work, and the fact is significant that chapters conducted on such lines have been exceptionally successful. Under the direction of the Executive Council, the Institute study course has been revised and printed in the form of serial pamphlets, adapted alike to class and correspondence instruction. During the process of revision no special effort has been made to extend correspondence instruction, but such work promises henceforth to be one of the most effective features of Institute activity.

The standard course of study provided by the Institute aims to furnish elementary education to thousands rather than advanced education to hundreds or less. Many believe that Institute work should be more comprehensive, and the suggestion has been made that the present study course should be extended so as to cover a period of four years instead of two years, as now arranged. The fact is admitted that the present study course should be regarded as the beginning and not the end of banking education, but there is doubt about the wisdom of attempting to compel average students to devote additional time and effort to Institute activities. To satisfy the ambition of such as want more advanced work, however, a system of post-graduate study to supplement existing Institute facilities is under consideration and will doubtless be the subject of official action at the Rochester convention.

PROGRAMME ANNUAL CONVENTION

WEDNESDAY, SEPTEMBER 6—EVENING.

Annual meeting of the Executive Council. Registration of arriving delegates at the convention headquarters, Hotel Seneca, to be continued the following morning.

THURSDAY, SEPTEMBER 7—10.30 A. M.

Invocation: Rev. Charles H. Rust, D.D., pastor Second Baptist Church.

Welcome: Hon. Hiram H. Edgerton, mayor of Rochester.

Response: L. C. Humes, vice-president American Institute of Banking.

Greetings: From the Rochester bankers.

Response: B. C. Downey, chairman Executive Council, American Institute of Banking.

Annual address of the president.

Reports of the Executive Council and secretary and treasurer.

THURSDAY—2.00 P. M.

Address: Hon. Edward B. Vreeland, vice-chairman National Monetary Commission.

Essays: Reading of the prize essays on "The Reserve Association of America."

Discussion: Led by Hon. Edward B. Vreeland, on this subject, being the plan for monetary legislation as proposed by Senator Aldrich. Two hours will be devoted to this consideration. The delegates are invited and urged to participate freely in their remarks of suggestion or inquiry.

THURSDAY—8.00 P. M.

Session on the constitution of the Institute: At this time the proposed amendments will be offered. Considering the vital importance of this subject all delegates should be present and give the matter their most careful thought.

FRIDAY—10.00 A. M.

Address: Hon. Lawrence O. Murray, Comptroller of the Currency.

Essays: Reading of the prize essays on "Institute Education."

Discussion: Of this subject in which the delegate who makes the best extemporaneous speech will be awarded a prize of \$30 and the one who makes the second best a prize of \$20. This subject also should be of vital importance to all delegates and they should feel it a duty to the Institute and their chapter to render this discussion their

hearty support. The judges of the speeches will be Institute members present at the meeting and their designation will be known only to the President.

FRIDAY—2.00 P. M.

Symposium: "Cost Accounting in Banks." Three hours will be devoted to the study of this question which is of such importance in modern banking. The discussion will be open to all who will participate. Attention is called to the previous comments on this session.

(On Friday afternoon the ladies in attendance will be taken on an automobile trip around Rochester's parks and points of interest, terminating with a luncheon at the Hotel Powers.)

FRIDAY—8.00 P. M.

Dutch lunch, smoker and informal reception at the Oak Hill Country Club.

SATURDAY—10.00 A. M.

Address: James G. Cannon, president of the Fourth National Bank of New York.

Reports of committees.

Election.

Selection of convention city for 1912.

Adjournment.

SATURDAY AFTERNOON.

Trip to "Sonnenberg."

"Sonnenberg" is one of the most beautiful estates on Lake Canandaigua and the delegates are assured of a most delightful outing.

GETTING THE DELINQUENT TO PAY

"THE ordinary delinquent pays little or no attention to a draft," says a bank cashier in a country town of three thousand. "There was a time when a business man who refused to honor a draft was looked upon with some suspicion—his credit was subject to immediate investigation. This condition does not hold to any extent now-a-days. Even the best business man may give a blanket order to his bank to return drafts drawn on him. Some of the more progressive bankers may even discourage out-of-town drafts, claiming the small fee can never compensate for the loss of business which may come from an attempt on the part of the bank to collect an account which is disputed or later made the subject of litigation.

"Now and then a draft comes through drawn upon a delinquent and accompanied by numerous formidable looking legal papers. Such drafts are frequently paid

at once, without waiting even for a day of grace.

"One of these instances comes to mind: A local insurance agent got behind in his remittances. The special agent tried to make the collection, but the local man would generally be opportunely absent. The company drew from time to time, but no attention was paid to the drafts. Finally the bank received the usual draft accompanied by a document purporting to be a 'Notification of Liability Under Bond.' This was a copy of the bond on file at the home office, and by means of much legal phraseology informed the signers of the bond that they were liable for the account.

"In this case there was nothing left for the agent to do but to make a settlement as soon as he could scrape the money together—his guarantors were in the bank daily until the amount was paid over."
--B. C. Bean in *System*.

SAFE DEPOSIT

HOW TO ADVERTISE YOUR SAFE DEPOSIT BUSINESS

IF there is one field of endeavor that has not been "done to death" that field is certainly the business of renting safe deposit boxes. It is so new, in spite of the fact that independent companies have been operating for a great many years, that bankers cannot conscientiously overlook any feature that may add to its profitability.

Many banks go to the expense of installing an elaborate vault, fitting it with improved boxes of various sizes and then seem content to depend upon their reputation as a banking institution to bring in the business that is necessary to make their investment pay dividends. It is pleasing to know, however, that at the present time certain banks and independent companies are advertising in a small way their very excellent facilities for handling this kind of business. But they are not going far enough in their advertising to produce results.

It is essential to the welfare of any business that it be persistently advertised. And especially is this true of the safe deposit business. The advertiser who loses his patience will lose out. The masses who read advertisements move slowly. One dignified card will never attract the attention or produce the inquiries that a series of strongly worded talks will stir up. But it is essential that each ad. of the series be complete that the reader may have something to grasp and act upon.

Prospective patrons must be given "reasons why." An appeal must be made to their selfishness and how they are to profit by renting safe deposit boxes must be clearly pointed out.

There are any number of good plans to pursue if the advertising appropriation is limited. The following suggestion as contained in the advertisement of a large company manufacturing safe deposit equipment seems especially good. This company suggests that the bank or safe deposit company with idle boxes should call attention in their advertisements to the fact that most all businesses have crowded office safes filled with contracts, insurance policies, deeds, abstracts and other documents. As these safes fill up the owners begin to think of a new one at a cost of, say, five hundred dollars; here is where the bank should suggest that these business firms save that five hundred dollars by transferring their valuable documents to the bank's safe deposit vault. Then it is in order to back up these arguments by quoting prices of the various boxes, pointing out the reasonableness of the charges and emphasizing the absolute protection against fire and burglary.

Another argument that the safe deposit advertisement might carry, is this: The average office safe is only fireproof; it was never designed to withstand the burglar's equipment. This is really a very important point that could be used to advantage in a single ad. or in a series.

So long as banks remain indifferent to the value of advertising, so long will their safe deposit boxes remain empty. It behooves the wide-awake safe deposit manager to start an advertising campaign, pushing it with all the enthusiasm he is capable of, changing his copy often and persistently endeavoring to bring home to the minds of the people the superior advantages of his vault.

HAPPENINGS*

A BOX renter was declared incompetent in another State. The conservator presented the proper papers from a court of that State, showing his authority, and requested access with the privilege of removing the contents of the box. He was permitted to examine the contents of the box in the presence of an officer of the company, for the purpose of verifying his record, but was not allowed to take away the contents. An order from the Supreme

Court of this jurisdiction is required to obtain the desired securities.

A safe was rented by a depositor, who appointed a relative as deputy to have access to the safe. The deputy gave the keys to another with an order to remove certain securities. Access was denied without consent of the safe renter, as the deputy could not pass his authority to another.

* From the July Bulletin of the New York State Safe Deposit Association.

An Unbiased Expert Opinion on Vault Construction

THAT is what a bank gets when it employs the facilities of this office in connection with the installing of its vault work.

When you know the facts you will realize that it is just as necessary to have an engineer plan your vault as it is to have an architect plan your building.

By this method your vault is planned with reference to the needs of your bank as to security, appearance and convenience, rather than for ease of manufacture and erection.

It also provides for genuine competitive estimates upon a common, thoroughly detailed basis, thus saving, many times over, the cost of the service.

Proper design affords the maximum of security at a minimum of expense and can only be secured by our methods. This is especially well demonstrated at this time in the construction of the new vault that we are engineering for the Bankers Trust Company of New York City.

This office does a purely professional business — no contracting or manufacturing, directly or indirectly. At the present time we are engineering over \$1,500,000 worth of vault work — strong presumptive evidence of the value of our services.

REFERENCES

Bankers Trust Co.,	N. Y. City,	Munsey Building,	Baltimore, Md.
Guaranty Trust Co.,	"	Mutual Benefit Life Ins. Co.,	Newark, N. J.
Knickerbocker Trust Co.,	"	Essex County Nat. Bank,	"
Importers & Traders Nat. Bk.,	"	City Trust Co.,	"
National Park Bank,	"	Natl Newark Banking Co.,	"
Mutual Bank,	"	Industrial Trust Co.,	Providence, R. I.
Empire City Safe Deposit Co.,	"	Spokane & Eastern Tr. Co.,	Spokane, Wash.
Franklin Safe Deposit Co.,	"	First National Bank,	Syracuse, N. Y.
Lincoln Safe Deposit Co.,	"	Syracuse Trust Co.,	"
Produce Exchange Safe Dep. Co.,	"	Commercial National Bank,	"
Second National Bank,	"	Tr. & Dep. Co. of Onondaga,	"
Union Dime Savings Bank,	"	First National Bank,	Minneapolis, Minn.
Union Square Savings Bank,	"	Fidelity Trust Co.,	Rochester, N. Y.
Safe Deposit Co. of New York,	"	Savings Bank of Danbury,	Danbury, Conn.
Broadway Institution for Sav.,	"	City National Bank,	"
Title Guarantee & Trust Co.,	"	Danbury National Bank,	"
U. S. Mortgage & Trust Co.,	"	Lancaster Trust Co.,	Lancaster, Pa.
Bank of Montreal,	"	Bank of Montreal,	Winnipeg, Canada
L. I. Safe Deposit Co.,	"	Land Title & Trust Co.,	Philadelphia, Pa.
Brooklyn Trust Co.,	"	Logan Trust Co.,	"
Boston Safe Dep. & Tr. Co.,	Boston, Mass.	Eighth National Bank,	"
Old Colony Trust Co.,	"	Fidelity Trust Co.,	"
New England Trust Co.,	"	W. Phila. Title & Tr. Co.,	"
International Trust Co.,	"	Union National Bank,	"
Bay State Trust Co.,	"	Nat. Bk. of Northern Liberties,	"
Commonwealth Trust Co.,	"	Shamokin Banking Co.,	Shamokin, "
Second National Bank,	"	First National Bank,	Wellsville, N. Y.
Newton Trust Co.,	Newton, "	Weehawken Trust Co.,	Weehawken, N. J.
Berkshire Loan & Tr. Co.,	Pittsfield, "	Mt. Carmel Banking Co.,	Mt. Carmel, Pa.
Berkshire County Sav. Bk.,	"	First National Bank,	Danville, "
Massasolet-Pocasset N. Bk.,	Fall River, "	Equitable Guar. & Tr. Co.,	Wilmington, Del.
Home National Bank,	Brockton, "	Union National Bank,	"
Union & N. Haven Tr. Co.,	New Haven, Conn.	Union Trust Co.,	Springfield, Mass.
Naumkeag Trust Co.,	Salem, Mass.	Fidelity Trust Co.,	Portland, Me.
National City Bank,	New Rochelle, N. Y.	German Sav. & Deposit Bk.,	Pittsburgh, Pa.
Portsmouth Savings Bk.,	Portsmouth, N. H.	Hathor National Bank,	Hathor, "
New Hampshire Nat. Bk.,	"	Mississippi Valley Trust Co.,	St. Louis, Mo.
Hartford National Bank,	Hartford, Conn.	Merchants National Bank,	Burlington, N. J.
Union Trust Co.,	Jersey City, N. J.	Haddonfield Nat. Bank,	Haddonfield, "

FREDERICK S. HOLMES

BANK VAULT ENGINEER

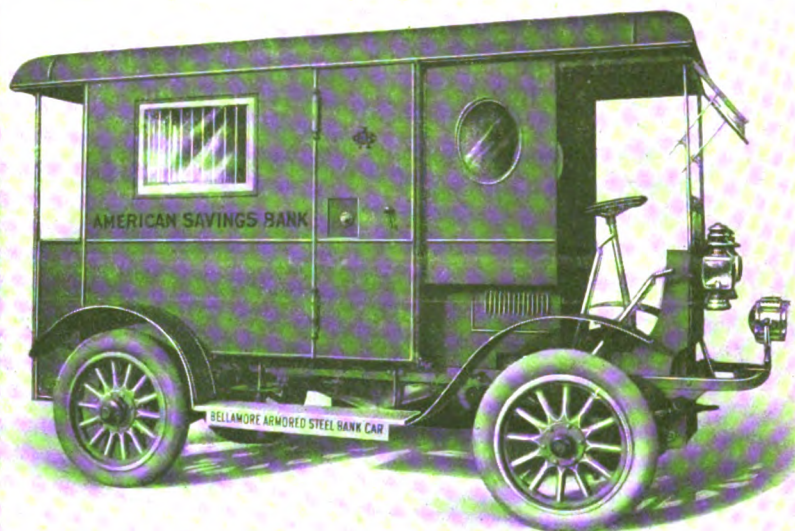
No. 2 RECTOR STREET, NEW YORK CITY

Bellamore

Armored Steel Bank Car

A BANK ON WHEELS

Brings to the door of every depositor all the conveniences of a bank. NO RISK for money and securities in transit



Armored Steel Motor Bank Car Type 11 VC. Side View

Amongst the many uses of the Bellamore Armored Steel Bank Car are the following:

- The collection of heavy deposits.**
- The delivery of pay-roll-money to factories.**
- The delivery of large sums of money to customers.**
- The transportation of bullion.**
- The carrying of money and securities between branch institutions.**
- The collection and delivery of valuables for safe deposit.**

Descriptive booklet and prices on application.

Bellamore Armored Car & Equipment Company

286 FIFTH AVENUE, NEW YORK

tor, becoming a confirmed invalid, gave a general power of attorney over the contents of the safe to another. The safe deposit company declined to accept such general power, claiming executor had no right to give it, but was willing to accept special orders for the removal of specified securities, taking the receipt of the deputy therefor.

A widow presented a receipt for box rent and a key. The receipt was not in her husband's name, but was in the name of another person. At the time of renting, a bank reference was given, and the bank vouched for the party over the telephone. It now transpires that the dead man used the name of a depositor of the bank who is still alive and whose general appearance was similar, and who states he never rented a safe with this safe deposit company.

A lady, newly wed, about departing on her wedding tour, directed her brother, a young man, to store the wedding silver with a safe deposit company. The brother deposited this in his name, expecting to ship it to his sister later. Before delivery the brother died. The silver was finally deliv-

ered to the owner on her affidavit as to the facts and the execution of an indemnity bond by her and her father for twice the value of the silver as declared in the receipt issued for the same.

A valuable picture was deposited as additional security for a second mortgage on real estate. The mortgage was satisfied, but the picture was not turned back by the mortgagee. The mortgagor made demand for his property of the safe deposit company, but declined to pay the storage charges that accrued after the mortgage was satisfied. Delivery was refused without an order from the mortgagee and the payment of all charges.

A safe was rented in the name of mother or daughter. The mother has died, the daughter has been judged incompetent, and the executor of the mother, who is also the daughter's husband, demanded access to the safe. It was satisfactorily shown that the incompetent did not own anything in the box and the box was transferred over to the executor. With slightly altered details a troublesome case might be evolved.

AMENDED INHERITANCE TAX LAW OF NEW YORK

THE Harte Act, which recently passed the Legislature of New York and which has been signed by Governor Dix is a welcome relief to the trying conditions heretofore existing. Under the new law it is believed that there is now no excuse for the transfer of securities from safe deposit vaults in New York State to vaults in adjoining states.

Under the old law the tax on inheritances was as follows:

To Father, Mother, Widow, Minor Child.			
First	\$ 5,000		Exempt.
Excess over	5,000	up to \$ 25,000	1%
Excess over	25,000	up to 100,000	2%
Excess over	100,000	up to 500,000	3%
Excess over	500,000	up to 1,000,000	4%
Excess over	1,000,000		5%
Inheritance to All Others.			
First	\$ 100		Exempt.
Excess over	100	up to \$ 25,000	5%
Excess over	25,000	up to 100,000	10%
Excess over	100,000	up to 500,000	15%
Excess over	500,000	up to 1,000,000	20%
Excess over	1,000,000		25%
Direct Heirs.			
First	\$ 5,000		Exempt.
Excess over	5,000	up to \$ 50,000	1%
Excess over	50,000	up to 250,000	2%
Excess over	250,000	up to 1,000,000	3%
Excess over	1,000,000		4%
Indirect Heirs.			
First	\$ 1,000		Exempt.
Excess over	1,000	up to \$ 50,000	5%
Excess over	50,000	up to 250,000	6%
Excess over	250,000	up to 1,000,000	7%
Excess over	1,000,000		8%

very enthusiastic meeting was held in response to a call at the office of the First National Bank. The safe deposit interests, trust companies and mercantile interests generally, were well represented. The great need for the repeal of the old law was presented, and Mr. Clark Williams made a very forceful address before the meeting. As a result, the Governor was petitioned, and through the State Comptroller's office he made an inquiry to ascertain the number of boxes that had been surrendered since the law of last year was enacted. The report received by him caused him to send a special message to

the Legislature urging the repeal of the then law. The committee has been continuously active in urging the change, and at the meeting of the State Bankers' Association recently held at Manhattan Beach, it was instrumental in urging the bankers to take positive action, with the result that assemblymen and senators alike from all districts in the State have been bombarded with letters urging that they take prompt action. The Governor issued a second message on the subject, with the result that the bill received the favorable vote of the Senate and Assembly.

FOREIGN BANKING AND FINANCE

EUROPEAN

A NEW DEPARTURE IN BANKING

UNDER this heading "The Statist" of London discusses at some length in two recent issues the proposal recently sanctioned by the shareholders of Lloyds, authorizing the bank to engage in business in foreign countries. The journal mentioned does not regard this innovation with favor, looking upon it as a possible device for taking away British savings from employment by the banks in home industries to be

used abroad. Incidentally, comparison is made with the accommodation offered by banks in England and Scotland, to the advantage of the latter division of the United Kingdom. "The Statist" also deplores the recent tendency in English banking to pay less and less attention to the character of the borrower and to require securities that can be sold at a moment's notice as a basis for advances.

LONDON JOINT-STOCK BANK, LTD.

ON July 20 the above institution announced an interim dividend at the rate of ten per cent. per annum, equal to fifteen shillings per share, free of income tax, out of the profits for the past half year.

This bank was established in 1836, and with it is now incorporated the York City & County Banking Co., Ltd. The paid-up capital is £2,970,000 and the reserve fund (surplus), £1,000,000. The footing of the balance-sheet, June 30, was £40,123,034. The bank has 265 metropolitan and country branches and sub-branches.

NEW MONETARY SYSTEM FOR PORTUGAL

PORTUGAL is to have a new monetary system. The new unit is to be the "escudo," equivalent to 1,000 reis, and is to be subdivided into 100 centavos. Provision is made for the issue of a maximum of five million 1 escudo pieces, fifty mil-

The Mexican Financier

*Only Weekly Financial Journal
Published in Mexico*

**COMPLETE QUOTATIONS OF ALL
BANK, INDUSTRIAL AND MINING
STOCKS**

**READING MATTER OF VITAL INTEREST
TO ALL INVESTORS IN MEXICO**

\$5.00 U. S. Currency per annum, postage paid

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CALLE DEL ELISEO . MEXICO, D. F.

**Cable Address, Cel-South. P. O. Box 1172,
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KNAUTH, NACHOD & KÜHNE

— BANKERS —

NEW YORK

LEIPZIG

MEMBERS NEW YORK STOCK EXCHANGE

Dealers in High Grade Bonds
Issue Letters of Credit and Traveler's Checks
Available Everywhere
Foreign Exchange — Cable Transfers
Commercial Credits
Interest Paid on Deposits Subject to Check

PRINCIPAL CORRESPONDENTS

ABROAD

Parr's Bank (Limited) London
Credit Lyonnais, Paris
Dresdner Bank, Berlin
Knauth, Nachod & Kuhne, Leipzig

IN THE UNITED STATES

Corn Exchange Bank, New York
Philadelphia National Bank, Philadelphia
First National Bank, Chicago
Crocker National Bank, San Francisco

Banco Central Mexicano

CITY OF MEXICO, MEXICO, D. F.

Established 15th February, 1899

Capital
\$30,000,000

Reserve Fund
\$7,500,000

BANKING BUSINESS TRANSACTED IN ALL ITS BRANCHES.
ORDERS for Sale and Purchase of Securities in Mexico Executed.
COUPONS AND DIVIDENDS paid for Municipalities, Corporations and Mines.

CASH BONDS issued for \$100, \$500 and \$1,000, without coupons, payable at six months, besides Cash Bonds payable at twelve, eighteen and twenty-four months with half-yearly coupons, both kinds bearing interest at the rate of 5% per annum.

The CASH BONDS are a first lien on

the assets of the bank, second only to Government Deposits and prior to those of Depositors. The law requires the bank to hold as security against these bonds an amount equal to the total issue either in cash, gold or silver bullion, readily negotiable securities or Government Bonds.

E. C. CREEL, President
LIC. JOAQUIN D. CASASUS, Vice-President
F. PIMENTEL y FAGOAGA, Manager

J. SUTCLIFFE, Sub-Manager
RAFAEL ICAZA y FLORES, Comptroller

F. KLADT, Sub-Manager
J. M. ROBLES, Cashier

Banco Mexicano de Comercio é Industria

Established 1906

CITY OF MEXICO

Capital fully paid up - \$10,000,000.00

Reserve, earned - - - 325,000.00

FOREIGN AND DOMESTIC BANKING

FOREIGN Exchange. Commercial Credits. Cable transfers. Letters of Credit payable throughout the world. Securities bought and sold on commission. Receives accounts of Banks, Bankers, Corporations, Firms and Individuals, on favorable terms. Collects drafts drawn abroad on all points in the United States of Mexico, and drafts drawn in the United States of Mexico on foreign countries.

Will act as agents in the transaction of any approved financial business.

AGENTS AND CORRESPONDENTS

in all parts of the United States of Mexico, the United States of America, Europe, Asia, Africa, Australia, Central and South America and the West Indies

BANK OF HAVANA

Capital, \$1,000,000

New York Committee

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ALVIN W. KRECH

JAMES H. POST

Directorate in Havana

CARLOS DE ZALDO, President

JOSE I. DE LA CAMARA, Vice-President

CARLOS I. PARRAGA, Secretary

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Acts as Cuban Correspondent of American banks and transacts a general banking business in

— C U B A —

lion 50 centavo pieces, fifteen million 20 centavo pieces, twenty million 10 centavo pieces, and an agreement of two hundred and twenty-five million pieces consisting of 4, 2, 1 and $\frac{1}{2}$ centavos.

CAPITAL APPLICATIONS IN GREAT BRITAIN

FOR the first half of 1911 the applications for new capital in Great Britain amounted to £134,513,998, compared with £169,658,174 in the first half of 1910. The greater amount in the preceding year is attributed to the more favorable state of the money market, owing to the delay in passing the budget which left funds available for investment that would otherwise have been used in the payment of taxes.

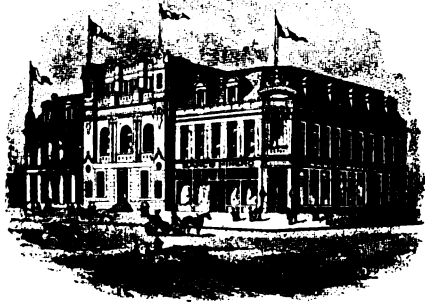
ASIATIC

CHINESE CURRENCY REFORM

UNDER a recent date the London "Times" publishes an article relating to Chinese currency reform, in which the regulations for new coinage are given. The basis is fixed at \$1, the standard of which temporarily being silver. The coinage throughout is based on the decimal system and bears a fixed ratio and value.

From the date of the promulgation of the decree the minting of all coins of the old denomination was to cease. The new coins are to be minted under supervision of the Board of Finance, which is charged with the duty of seeing that they conform to the standard as to weight, fineness and design. The dollar, which is to weigh 72-100 of a Treasury tael (equal to 416 grains troy), is to contain ninety per cent. of pure silver, and the smaller coins eighty per cent. and sixty-five per cent. The dollar is to be legal tender to an unlimited amount. The subsidiary coins will be tender to a given limit, but will be exchangeable for dollars at the Government Bank to any extent.

Pending the introduction of the new coinage, sycee and the various coins now in circulation will continue to be current temporarily at market rates, but the Board of Finance is instructed gradually to redeem these old coins, and a date is to be fixed after which they shall cease to be legal tender. After the issue but previous to the full circulation of the new coinage, one and one-half dollar of the new coinage shall be deemed equivalent to one tael of "good" Treasury silver "good" being defined as that containing 98.5 per cent. of pure silver. It is through the medium of "good" Treasury silver that the conversion from the old monetary denomination into the new is to be effected. All Government dues and



Banco Minero

CHIHUAHUA, MEXICO

Capital - - - - \$5,000,000.00

Surplus Fund - - 1,960,000.00

**Transacts a General Line
of Banking Business.**

**Drafts and Letters of Credit on
Europe, United States and
Mexico.**

**Collections on any part of
Mexico Given Prompt and
Careful Attention.**

CORRESPONDENCE INVITED

New York Correspondent, NATIONAL PARK BANK

JUAN A. GREEL

General Manager

JESUS J. FALOMIR

Cashier

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$788,115.74

Deposits, \$2,195,056.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp. toir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

duties and all public and private obligations, whether estimated in sycee, dollars, copper cents or cash, are to be converted, first, into "good" Treasury silver, according to the market rate of the place on the date when the imperial sanction is received, and then into the new coinage at the above rate of one and one-half dollars for one Treasury taël. After the expiration of the time limit all such obligations shall be discharged only in the new coin.

It will be seen that the Chinese Government proposes to change the whole commercial and monetary habits of 400 millions of people, and these too, perhaps the most conservative in the world. As regards the large trade centers, such as Shanghai or Hankau, the change will be comparatively easy and will probably be welcomed. It is

in dealing with the internal trade and the vested interests of native banks and money-changers, who fatten on the present system, that the formidable difficulties will begin.

It will be noted that the Imperial Decree declares that the standard shall "temporarily" be silver. This would seem to imply that it is contemplated at some future time to introduce a gold standard. Indeed an earlier decree of October 5, 1908, laid down that after standardizing the silver currency China should then carefully proceed to take measures for a further advance with a view to assuring the adoption of a gold standard in the future. For the time being, however, it would seem that the idea has been abandoned. China has yet a long way to travel before she can even think of establishing a gold standard.

LATIN AMERICA

BANKING IN MEXICO*

By the Hon. Enrique Martinez-Sobral, Chief of the Bureau of Credit and Commerce of the Mexican Ministry of Finance

THE development of banking in Mexico is one of the most important features of the Mexican economic improvement during the last thirty years.

Banking did not make its appearance here as a state institution, but as the result of investments of foreign capital, attracted by the discovery of a great field for business, as soon as the country was able to establish peace firmly, after the tremendous struggles which followed the war for independence, and lasted until the final triumph of the republican system.

In the ten years following the war with France, from 1870 to 1880, public credit was of no importance, and the financial relations between Mexico and Europe were practically nil; but during those years the

construction of our big railroad systems was pushed very energetically, peace was assured, and the resources of the country became apparent to the eye of foreign money owners, always looking for sound and productive investments.

Several French and Mexican business men united to establish a bank of issue in Mexico City; and, supported by the government, which granted to them a liberal charter, founded the Mexican National Bank. A few months later, Mexican and Spanish capitalists established the Mercantile Bank. The competition between these two institutions culminated in their merger, and the present National Bank of Mexico was thus created. Though not a state bank, this financial institution was authorized by the government, connected with it in many respects, subject to its supervision, and en-

* By courtesy American Academy of Political and Social Science.

dowed with something very much resembling a monopoly of the right of issuing bank notes.

Nevertheless, the monopoly was not clearly defined in the charter; it was, besides, in opposition to the constitution of the country; no law existed restraining the freedom of issue, and very soon other banks appeared on the scene, such as the London and Mexico Bank, which purchased an old and nearly forgotten charter granted to a bank which had never done anything serious in the way of business; the Nuevo Leon Bank, the Durango Bank and others, to which the Federal Government had granted charters, somewhat ignoring the not very clear nor legal monopoly granted to the National Bank.

A mortgage bank, also established by virtue of a charter from the government, began operations under the name of The International and Mortgage Bank.

There was no definite system for granting these charters; it was not even stated in a clear manner whether the government had a right to grant them, nor were the different charters founded upon the same principles of banking; in short, the whole matter was soon in a state of great confusion.

The National Bank had gradually developed its business, and through its different branches established in the principal towns of the country had contributed to the awakening of economic activities; the ground had been thus prepared for the business of banking and it was urgent to face the difficulties arising from the operations of other banks of issue, with a view to their settlement.

In 1897 the moment arrived to put order in the banking trade and a law was enacted by the government, with the necessary authority of Congress, and accepted by the National Bank, thereby forsaking its doubtful privileges.

The other existing banks also submitted to the law (in different ways) and the whole system was thus founded, as far as possible, upon a homogeneous basis.

The following statement of the principles which govern the law of 1897 will lead to its right understanding:

(1) Plurality in the monopoly, that is to say: the authority for doing a certain set of well defined banking operations, granted not to one bank only, but to many chartered

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital \$5,000,000

Subscribed Capital 2,000,000

Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most im-
portant cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS — moderate commission :-

Dr. Guillermo Mazzini
President Director

E. Hemmeler
Manager

banks, to the exclusion of any other institution.

(2) The banks must be operated under the form of limited companies duly organized in Mexico and subject to Mexican law. No foreign companies are authorized to do a banking business pertaining to chartered banks.

(3) Legislative regulations for the management of the banks; sound economic principles are thereby enforced, not only morally and scientifically, but legally as well.

(4) Supervision by the state, the principal characteristics of which are the obligation of rendering certain statements intended for publication, and the submission to the intervention of the Secretary of the

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

**Mexican Companies Organized. Foreign Companies Protocolized
Foreclosures and Reorganizations Managed
Concessions Obtained International Claims Adjusted**

MEXICAN TITLE-MORTGAGE COMPANY

Head Office - MEXICO CITY

Branch - 25 BROAD STREET, N. Y.

IF you have land or mining titles in Mexico, you should have them examined and abstracted in English. No matter how long you have held them, there may be fatal defects which our examination would show, but which can be cured—at small expense. It costs nothing to write us for particulars.

Treasury, acting as Comptroller of the Currency, by means of special delegates.

(5) The above regulations refer only to chartered banks, which are:

(a) Banks of issue, especially authorized to issue bank notes. No other banks, nor institutions, companies or individuals can make issues of this kind.

(b) Mortgage banks, the special feature of which is the issuing of mortgage bonds.

(c) Promotion banks, authorized to issue cash bonds.

Deposit banks, savings banks, trust companies and other banking institutions can be freely established without requiring any charter or previous authorization, be they Mexican or foreign. Following are the limitations concerning the institutions just referred to:

(1) They cannot issue bank notes nor establish in the country any branch or office for the redemption of notes issued abroad.

(2) They cannot use the word "bank" in designating themselves, except in the case of foreign banks, provided they are previously authorized by the Treasury Department.

(3) They are not subject to any special supervision from the government.

(4) They do not enjoy the reductions in taxation granted to the chartered banks.

Later on, a law was enacted, regulating the bonded warehouses, which are practically assimilated to credit institutions.

Under the law of 1897 about thirty-four banking institutions have been established, to wit: twenty-five banks of issue, three mortgage banks and six promotion banks.

We will now proceed to survey the field of operations of said banks as regards the most salient features.

Issue banks are authorized to issue bank notes, to accept deposits at sight and on term, and to make the investment of their capital and other funds in public securities and short-time loans.

As for notes, the issue may never exceed three times the face value of the bank's stock, nor be superior to twice the amount of cash, less the total amount of the deposits payable at call.

Let us see how the Mexican issue banks have obeyed the legal ruling and, thereby, ascertain what is the guarantee in specie for their outstanding notes.

According to the official statements concerning issue banks, their cash holdings amounted on June 30, 1910, to 89,059,802.45 pesos (a peso being practically equal to fifty cents, American gold). This sum was represented by the following various species of currency:

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager

Paid-Up Capital, \$10,000,000 Reserve Fund \$8,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : **MEXICO CITY, D. F.**

	Pesos
Gold, coined	53,690,870.00
Silver pesos	27,625,377.00
Fractional currency	5,705,834.83
Gold, bullion	2,037,720.62

Total amount of cash holdings 89,059,802.45

As has been seen, in the above total the amount of gold coined and in bullion represents about five-eighths and silver about three-eighths. These figures are very interesting, as, besides showing beyond a doubt the soundness of the guarantee which stands behind the bank notes, they afford the assurance that the latter can be redeemed in gold, and this assurance is one of the strongest foundations for the stability of exchange.

Banks are permitted to put in circulation notes for twice the value of their cash holdings. Using the above figures we would have:

	Pesos
Twice the amount of cash holdings	178,119,604.90
Less the amount of deposits on demand	67,826,271.91

Authorized circulation 110,293,332.99

Now, the notes outstanding on said date (June 30) amounted to pesos 112,160,663.00, this sum being about two millions greater than the authorized circulation. The rea-

son of this difference is that the National Bank and the Nuevo Leon Bank, as we have said before, are not exactly subject to the prescriptions of the law and can issue notes for three times their cash holdings. Besides, the National and the London Bank are not obliged by their charters to hold a special reserve against their call deposits, and they only have the reserve suggested by their own prudence, which is not always exactly fifty per cent. of the deposits. Nevertheless, the metallic guarantee of our banks of issue is a very strong one.

For a full understanding of our system we must remark:

(1) Our system is that of "banking on assets," founded upon the "banking principle," being thus a very elastic one.

(2) This elasticity is increased by the fact that our notes are guaranteed by reserve funds in cash. It will be easy to see that we have not confused banking credit with public credit, and should a crisis occur in either, it does not follow that the other would of necessity experience a contraction.

(3) Metallic reserves are required, not only for the protection of the bank notes, but for that of the call deposits as well, as the danger for the public is the same, and perhaps greater in the case of the latter than in that of the former.

Under these wise principles business has

ESTABLISHED 1817

BANK OF NEW SOUTH WALES

AUSTRALIA

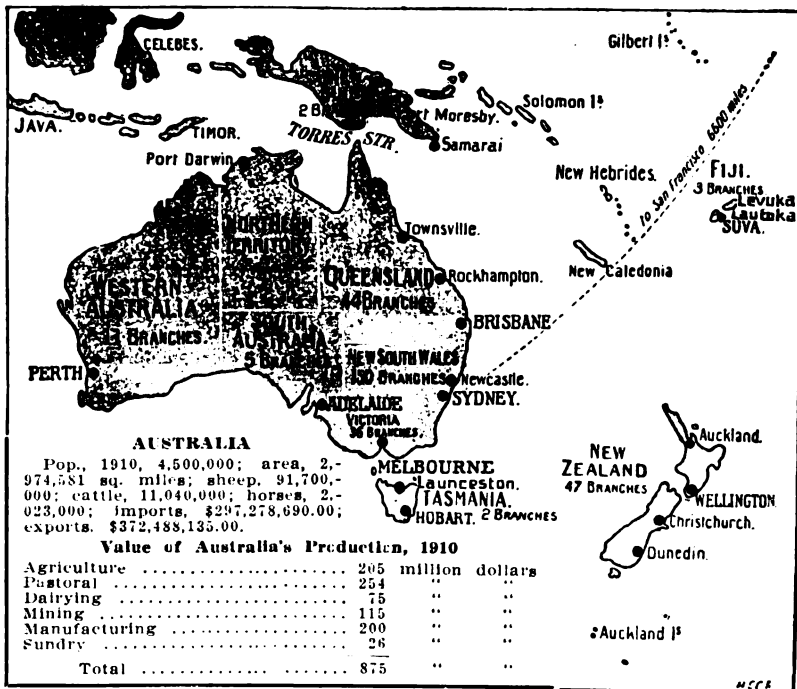
Paid-up Capital	- - -	\$15,000,000
Reserve Fund	- - -	9,850,000
Reserve Liability of Proprietors	- - -	15,000,000
		<hr/>
		\$39,850,000



Aggregate Assets, 31st March, 1911 \$229,544,195.00

J. RUSSELL FRENCH, General Manager

330 BRANCHES AND AGENCIES



330 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—64 Old Broad St., E. C.

330 BRANCHES AND AGENCIES

In the Australian States, New Zealand, Fiji and Papua (New Guinea)
Cable remittances made to and drafts drawn on Foreign Places DIRECT.
Foreign Bills negotiated and collected. Letters of credit and Circular Notes issued.
NEGOTIABLE THROUGHOUT THE WORLD.

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York, Standard Bank of South Africa, Ltd., 55 Wall Street

Agents in San Francisco, Bank of California National Association and
Anglo and London Paris National Bank

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

grown, as can be seen from the following comparative statement of circulation:

Year.	Bank-notes outstanding.	Cash holdings.
1897	38,497,367.00	43,350,648.75
1898	46,471,650.75	34,819,723.93
1899	56,247,355.25	39,808,883.43
1900	62,657,714.50	53,107,694.67
1901	62,392,413.25	49,992,373.75
1902	72,890,235.50	53,147,288.30
1903	88,264,218.50	51,260,539.13
1904	83,540,440.00	56,245,838.69
1905	82,995,576.50	79,087,706.10
1906	93,597,868.50	63,695,882.24
1907	98,184,395.25	63,989,663.85
1908	89,659,571.00	64,910,541.18
1909	92,221,477.00	84,352,541.92
1910	112,160,663.00	89,059,802.45

The law does not consider the redemption of notes and the payment of deposits sufficiently assured by the possession only of cash reserves, and prescribes that the funds of the bank shall be invested in such a manner as to enable them to turn their investments into ready money at any time it becomes necessary. As we cannot go very deeply into this matter, we shall confine our examination to the principal regulations enacted with a view to reducing to a minimum the danger of defalcation.

It is forbidden to our banks of issue:

(1) To lend money upon a mortgage, except when the credit of the signers of obligations held by the bank is impaired, or when the Treasury Department gives its express consent.

(2) To make loans or to discount or negotiate notes or other paper running for more than six months.

(3) To discount notes or other commercial paper not guaranteed by at least two signatures of acknowledged solvency or by collateral security.

(4) To accept uncovered bills of exchange or drafts and to open credit accounts that cannot be closed at the bank's pleasure.

(5) To allow any single person or cor-

poration to become indebted to them, either directly, indirectly or jointly, for amounts which, in the aggregate, exceed ten per cent. of the paid-up capital of the bank.

(6) To acquire real estate, except such as is necessary for the carrying on of the business of the bank, etc.

These regulations have the very important effect of allowing banks to be provided with specie when needed to meet their obligations to the public. In case of a run on the bank or of a contraction of business, the nature of the assets will allow them to rediscount their bills, securities, etc., and thus to face the difficulty. We must say that in the history of Mexican banks of issue, and under the law of 1897, there has never been a run on any bank, and up to this writing, the circulation of bank notes has always been facilitated, in spite of their not being legal tender, by the high confidence bestowed upon them by the public; their redemption has invariably been effected without the least delay or difficulty, even in cases in which the public might have been distrustful. Our monetary system, which practically excludes the exportation of coined gold in the case of an adverse commercial balance, is not without influence in these facts.

As far as the true constitution of the assets can be known, it may be stated that

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MEXICO CITY, D. F.

2nd Assistant Consulting Attorney for the Foreign Office

References on Request

P. O. Box 940

Phone 2395

Correspondence in English, French, German, Italian and Spanish.
Commercial and Maritime Law. Collections. Protocolization and Legalization of Documents. Foreign Judgments. Claims against Transportation Lines.
Corporation Law. Bankruptcy. Mines. Concessions. Patents and Trade Marks. Estates and Successions. Titles. Investments.
Private International Law. Consultations by Mail on Legal and Financial Topics.

GENERAL PRACTICE IN ALL COURTS

the total of the reserve funds in cash, and of the assets readily realizable, exceeds the liabilities involving a public interest. The following figures will prove the last assertion:

ASSETS.		Pesos
Cash	89,059,802.45	
Loans, securities and bills readily realizable:		
First-class securities	55,832,029.59	
Discounted bills	13,865,913.07	
Loans	71,191,026.89	
Loans on collateral securities, bonds, etc.	41,245,500.02	
Loans in current account.....	90,385,914.89	
	361,580,186.91	
LIABILITIES.		
(Only those involving a public interest.)		
Deposits on call	67,826,271.91	
Deposits at term	58,026,027.36	
Bank-notes outstanding	112,160,663.00	
Sundry creditors	45,971,688.52	
	283,984,650.79	

The comparison between these two totals is evidence of the sound condition of the Mexican banks of issue.

The stock of these banks amounts to pesos 118,800,000.00 and their reserve funds, comprising those created by law and those created by the foresight of the banks amount to pesos 52,567,536.08.

Mortgage banks have not developed in the same manner as issue banks. We have but two institutions of this kind, and a third one will be established very soon. The first two do their business in the city of Mexico, and through branches, in all the country; the third will carry on banking in the State of Sonora.

The principal business of mortgage banks is the issue of bonds running for a long time, redeemable out of a special sinking fund twice a year, under the system of annuities and bearing interest payable semi-annually. The proceeds of the sale of these bonds must be devoted to the making of mortgage loans.

Special regulations are contained in the law, for the purpose of giving all security

to the redemption of the bonds. Thus, the total amount of the bonds may never exceed the total of mortgage loans; the latter to be made under strictly fixed conditions in order to afford at any time a sound guarantee to the bondholders.

Banks of this kind do not enjoy any practical monopoly, neither in the nature of their investments (everybody being entitled to lend money on mortgage), nor in the issuing of bonds, as all the limited companies, and specially the railroad companies, are authorized to issue mortgage bonds.

Such securities, as far as our banks are concerned, have proved to be an excellent investment for foreign capitalists, as the greatest part of the issues are owned by them.

The issue of bonds amounted on June 30, 1910, to pesos 44,904,600.00 and have increased since then. The mortgage loans totaled pesos 46,872,918.47.

The prospect of these banks is a very bright one, as they can issue bonds for twenty times their paid-up capital; as this amounts to pesos 10,000,000.00, they can carry their business to pesos 200,000,000.00 even without any increase of their stock.

We give the name of promotion banks to certain institutions specially intended by the law to impart their help to agriculture, mining and manufacturing, by means of loans guaranteed according to a peculiar system which partakes of the mortgage and the pledge.

Promotion banks are authorized to issue cash bonds running from six months to three years; these bonds were created to afford opportunities for the investment of savings not yet intended for a definitive destination.

Unfortunately this kind of bank has not made great progress, perhaps owing to the influence of traditional causes closely linked to the solution of the very difficult question of agrarian credit.

The issue of bonds has only been made by one of these banks and in such a small amount that it is not worth while to mention it. The loans to cultivators or miners are practically of small importance. Two

of these banks are in an unsatisfactory condition, doing but little business, with correspondingly small profits. The other four, though in a thriving condition, are not properly promotion banks, as they do not carry on to a full extent the special business of this kind of institution; they are, rather, banking houses, doing a deposit, loan and exchange business, and financing other enterprises.

The most important promotion bank is the Mexican Central Bank, the individuality of which in our banking world will be set forth in the next and final chapter of this paper.

To bring this matter to an end we will state that the aggregate of the promotion banks' stock amounts to pesos 47,800,000.00, their cash bonds to pesos 4,893,200.00; their loans for agricultural purposes to pesos 2,174,794.29, and their deposits to pesos 26,379,972.39.

The National Bank of Mexico—a bank of issue—and the Mexican Central Bank—a promotion bank—have a place of their own in our banking system.

The former is, for its capital, the importance of its notes outstanding and the bulk of its business, our principal banking institution. It has branches and agencies in all the capitals of the different states of the republic and covers the whole territory with its operations. Historically it is the pioneer bank in Mexico and has educated all

the country to the use of credit. Its relations with the government are of a very intimate character. It is entrusted with the payment of the different debts of the nation; it acts as a depository of the public funds; it concentrates the proceeds from the custom houses and other fiscal offices. Besides, it is a great rediscount bank which takes over the paper of the other banks when they are in need of money to meet their obligations.

The Mexican Central Bank is the most important of the promotion banks; but occupies a special position like a hyphen between all the issue banks established outside of the city of Mexico. It concentrates the notes of these banks and performs the services of a clearing house for them by exchanging their notes in the federal capital; it is verily a central bank, as it acts as a regulator of all the issue banks of the different states of the republic. It has, besides, obligated itself to support in different ways the before mentioned banks in case of difficulty. In short, the Mexican Central Bank is, in many of its features, a result of the co-operation between the issue banks.

Such is the Mexican banking system, which may be concisely defined by saying that it is a plural system of privileged institutions under government inspection, whose business is regulated by the operation of two greater banks.

BANKING IN COSTA RICA*

The history of banking in all countries is always commensurate with the growth of great industries; it would be impossible nowadays, in the intricate details of modern business, to conduct commerce without the great banking institutions as we have them.

Of all lines of human endeavor, there is no vocation commanding equal prestige with that of banking, all people alike looking to the bankers for advice in matters of investment and finance, as for assistance in every such undertaking; they are also the trustees of the people's savings and thus tend to encourage thrift.

Amongst the republics of the New World, Costa Rica has always held a stable position, cultivating as she has for half a century the arts of peace, her internal condition enabling her to make advancements in agriculture and commerce unequalled in other parts of South America.

A NOTABLE example of the business which has kept pace with progress in the republic is that evidenced by the growth and expansion of the banking firm of Bennett, Rojas & Fernandez, one of the most stable in the country. A brief his-



JAMIE G. BENNETT

* By courtesy Pan-American Magazine.



JAIME ROJAS BENNETT

tory of this firm is not out of place here. Its initiation was due to the shrewd foresight and enterprise of Mr. Jaime G. Bennett, an English gentleman, who has resided in Costa Rica for some forty years, and whose inside knowledge of the country, its men and affairs is probably unsurpassed by any other foreign resident.

Mr. Bennett founded the business which

has developed so powerfully in 1878, taking into partnership in 1907 his nephew, Mr. J. Rojas Bennett, a very capable addition to the personnel of the firm. A year later the firm was expanded to include Mr. Juan Fernandez Morua, an exceedingly able young Costa Rican, who has had the benefit of training and travel in foreign countries, has long been identified with banking interests, and is the author of a well-known and most instructive work on modern accounting.

Mr. Jaime G. Bennett is closely interested in several other financial undertakings in Costa Rica, being a director of the Bank of Costa Rica, of the Banco Anglo Costa Ricense, of the Banco Mercantil de Costa Rica, and president of the National Insurance Company.

The capital of the firm of Bennett, Rojas & Fernandez is \$1,500,000 paid up, the large share which it plays in the financial business of the country being constantly in evidence by the busy condition of its offices in the central part of San José.

The Banco Mercantil de Costa Rica, situated in the capital, side by side with the offices of Bennett, Rojas & Fernandez, also owes its foundation to Mr. Jaime G. Bennett, and was opened for business in July, 1908. Shares of \$100 each, amounting in all to \$1,000,000, were offered to the public at par, and were all taken up immediately. A new issue of another half-million dollars has just been made. The market quotation of the shares is 109.50, with no sellers, however!



THE BANK OF COSTA RICA, SAN JOSE

The banking concessions of the republic, which has done so much to safeguard the rights of depositors and give guaranty to banking institutions, require that fifty per cent. of the value of notes issued must be kept in reserve; it speaks well for the stability of the Banco Mercantil that seventy per cent., instead of the legal fifty per cent., is kept in the vaults of the firm.

Costa Rican laws also require that five per cent. of each year's profits must be added to the reserve. Here, as in other countries, banks are subject to inspection by government officials, whose reports, like the banker's own, show from time to time the status of the institution.

Not so many years ago all banking in Costa Rica was carried on by private firms.



JUAN FERNANDEZ MOTUA

To-day, by reason of her trade with the world, money quotations in English pounds, German marks, French francs and American dollars are as well known and studied here as by the financiers of the great centres of northern America or of Europe.

The Banco Mercantil has for its directorate a group of able business men of the capital, the list including the names of Fabian Esquivel, William Le Lacheur Lyon, Jaime Carranza, Adolfo Cañas, Juan F. Echeverria, Jose Trau and Jaime Rojas B., as well as that of the founder, Jaime G. Bennett.

The notes issued by the bank enjoy such a high reputation in Costa Rica that customers have frequently come to the offices to actually exchange gold coin and other notes for those of the Banco Mercantil.

Dividends were paid on the first year's business at the rate of twelve per cent. per

annum, and since then at the rate of ten per cent., declared every six months, so that the firm's 300 shareholders have every reason to be satisfied with their investment; to them alone the new half-million issue of shares is to be offered, at a premium, which will increase the reserve and surplus, the latter now amounting to over \$60,000.

LATIN-AMERICAN FINANCES

AFTER recounting some of the lamentable experiences of European investors in Latin America, *The Economist* of London says:

However, for some years past the States themselves have come at least to recognize that they have duties to their creditors abroad. Some of them have straightened out their own difficulties, with financial assistance from Europe or the United States. Costa Rica has not only adopted a scheme for the readjustment of its foreign debt put forward last December, but through its Executive has formally undertaken that an amendment introduced into it by the Congress shall not be made a pretext for delaying the payments; and the growing prosperity and stability of the Republic, as of Guatemala, renders future default at least improbable. Salvador and Nicaragua emerged from bankruptcy some years ago through British assistance; the former State has achieved the considerable feat—for Central America—of bringing a six per cent. loan to par; the latter, though its credit was considerably menaced by President Zelaya's aggressive policy and two subsequent revolutions, has had its loan so well secured on productive enterprises that even the alienation of part of the security as unconstitutionally granted has not brought about a default. Colombia, after the shock given to its credit by the sudden withdrawal of President Reyes, has been struggling back to solvency—partly, it must be admitted, with the aid of fresh European capital—and has announced, perhaps a little too ostentatiously, that it is regularly meeting its obligations as regards not only the service of the debt, but the payment of the railway guarantees, some of which are looked on locally as extravagant and misapplied. Venezuela was extricated from bankruptcy by the arrangement of the "Diplomatic Debt" in 1905, and converted its internal debt a year later; and it may fairly be said that, apart from the unpleasant possibilities there, the only remaining black spots on the map are Honduras and Ecuador. In both these cases the United States is ready to exercise pressure and render assistance; but in both its interference is resented.

The fact is that in all these States, as in other more or less isolated and backward societies, the stranger is still the enemy, and the United States is more unpopular than other Powers as being the only one able to seize territory or likely to exercise economic or political control. The Monroe Doctrine is held in Europe to have political interference in case of need as its corollary, and that interference, even in the guise of

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGUAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

friendly assistance, has a different aspect when seen from Spanish America. The Protectorate of Panama has made the natural impression; the Spanish-American Legislatures, supposed by the financiers who tender assistance to be controlled by the Executive, are apt to exhibit unexpected independence. That of Costa Rica repeatedly refused to ratify the agreements for the settlement of the debt entered into between American financiers and the Executive Government; in Honduras not only has the Congress rejected one arrangement proposed by Messrs. J. P. Morgan & Co., but the four members who supported the Executive were hooted and pelted by the populace; Ecuador, after a particularly gross case of default, had nearly made over the revenues pledged to the bondholders of the Guayaquil and Quito Railway to an American syndicate, but then shrank back before the prospect of alienation of the Galapagos Islands, and a "Patriotic League" is now agitating against any arrangement by which the Executive may impair the national independence. This case exhibits another obstacle to settlement, which had also been conspicuous for some years in Guatemala, and in a less degree in some other States—the competition of American and European financiers for the profitable privilege of rendering help. At present, however, though the existing situation may here and there be unstable, only Honduras and Ecuador appear to be still reluctant to obtain their discharge. American business interests are powerful in the former; in the latter there are excellent reasons for believing that a settlement is not far off which will give satisfaction both in America and in Europe. Diplomatic pressure has saved Nicaragua from President Zelaya's tyranny and from the war and bankruptcy which it foreshadowed. Economic pressure—in the form, for example, of a lengthy quarantine at Panama on all vessels coming from the eminently insubstantial port of Guayaquil—might cut off Ecuador from foreign commerce, and compel her to arrange with her creditors in order to raise the money needed for sanitation. Of course, the growth of the Democratic power in the United States Congress may make against such intervention; but the Foreign Affairs Committee of the Senate reported a month ago in favor of the Honduras treaty, and Secretary Knox's attitude shows that he is confident that the Spanish-American

Governments will prove amenable. Perhaps we ought to add to the unstable situations the one likely to be produced by the reappearance of President Castro in Venezuela. But the news still awaits confirmation; President Castro's past sentiment against "Gringos" has been directed against foreign residents and European and American enterprises in the country rather than against the foreign bondholders, and the arrangements for the collection of the Diplomatic Debt would seem practically to preclude his interference with its service. In any case, the United States is not likely to tolerate a repetition of the complications of eight years ago.

NEW BANKS IN MEXICO

ADVICES from Mexico indicate that three new banks are to be established in that country—one at Chihuahua, to be founded by French capital, another at Puebla, for which Spanish capital will be forthcoming, and a third bank backed by German capital.

BUSINESS CONDITIONS IN CUBA

ONE of the most successful foreign banks established under American auspices is the National Bank of Cuba, with head office at Havana and branches in the principal cities of the Republic. The success of this institution has been due very largely to the enterprise and ability of its President, Mr. Edmund G. Vaughan, who is recognized as a man of wide banking and business experience and of the soundest judgment.

At the request of the editor of THE BANKERS MAGAZINE Mr. Vaughan has written a brief statement of the present business outlook in Cuba. No one is better qualified to speak on this matter, and what he has to say will be found of exceptional interest at this time. Mr. Vaughan writes:

Commercial and agricultural Cuba continues to make quiet and steady progress in the development of her great resources.

Her own people and companies are invest-

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Foreign Exchange Bought and Sold

Telegraphic Transfers

Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

ing in the improvement and extension of their properties, and foreign capital is coming in at the present time in millions of dollars from England, the United States and France, in the order named, and from other countries as well.

These funds are not being employed in any wise in land or other speculations, but are going into conservative and intelligent investments for the establishment and extension of business enterprises of a high order, including sugar mills, railways and public utilities.

The Government obligations and the bonds and shares of our principal companies show an increasing value and are held in large amounts in Europe and the United States.

Such information, however, does not make good newspaper stories and does not get wide publication for the reason that the public prefers political and sensational incidents, which give scope to the imagination and to exciting narratives and predictions.

At this time, however, those who are in touch with the situation have confidence in

present conditions, and by taking advantage of them will get the benefit.

Cuba's last sugar crop produced something like \$80,000,000—with a shortage of \$30,000,000 from the previous one, which was the record crop, and there is every indication that the present crop will be the greatest ever harvested.

The American exporters are giving more attention to Cuba and becoming better acquainted with the conditions, which open for them great opportunities. With their knowledge of the country, their confidence grows and some of the trade associations are sending representatives with the view to establishing agencies and competing with the Europeans who have held the Spanish-American business for so many years.

Cuba imports practically everything she consumes, including food-stuffs, which, with the preferential tariff, could give the United States a very much wider market.

There has never been a time when the prospects for production and business were more assuring than for the coming year.

SCHOOL BANKING SYSTEM PRAISED

WENDELL A. MOWRY, Superintendent of Schools in Central Falls, R. I., has issued a report, setting forth the value of school banking and its remarkable growth in his locality and elsewhere. His report is as follows:

During the past year the pupils have deposited \$3,867.95. The withdrawals amount to \$1,028.86, leaving a balance to the credit of pupils of \$2,839.09. There has been entered upon permanent bank accounts \$3,602.92 and 151 new pupils have received bank books. Since the system was established in Central Falls, in April, 1901, a little more than ten years ago, the pupils have deposited \$24,382.36 and the balance to their credit after deducting withdrawals is \$16,828.17.

One thousand and sixty-three pupils have opened permanent bank accounts during this time and have from \$500 to \$300 each to their credit. It is safe to say that little of this money would have been saved without the school banking system. Its benefits

more than compensate for the little time spent by the teachers and this office in caring for the details.

It has established habits of self-denial and saving and has tended to diminish the pernicious habits common among children of spending their pennies for purposes of questionable worth. The school banking system has a distinct educational value. Its appreciation by pupils and their parents is shown by its steady and rapid growth.

The value of school banking as an educational measure is recognized in many sections of this and other countries. Interesting reports appear of its progress among the schools of other nations. In the United States it is estimated that at least 1200 schools have introduced systems of school banking within the past few years and the deposits to the credit of pupils approximate \$1,000,000. The Bank Examiner of Massachusetts in a recent report, advocates the adoption of school banks among all the schools of that State.



WILLIAM A. VAWTER
PRESIDENT BAKER-VAWTER COMPANY

METAL SECTIONAL FURNITURE AND LOOSE-LEAF RECORDS

POPULAR APPRECIATION OF FIREPROOF STEEL FILING EQUIPMENT —A DESCRIPTION OF THE BAKER-VAWTER COMPANY'S PRODUCTS

IN the matter of designing and building furniture to suit the needs of the modern bank and office, there has, within the past decade, been a great advance along practical lines. As loose-leaf ledgers and

used, are never entirely satisfactory. In damp or wet weather, drawers persist in sticking and "main strength and awkwardness" is necessary to open them. In dry weather they will rattle. Rats, mice and



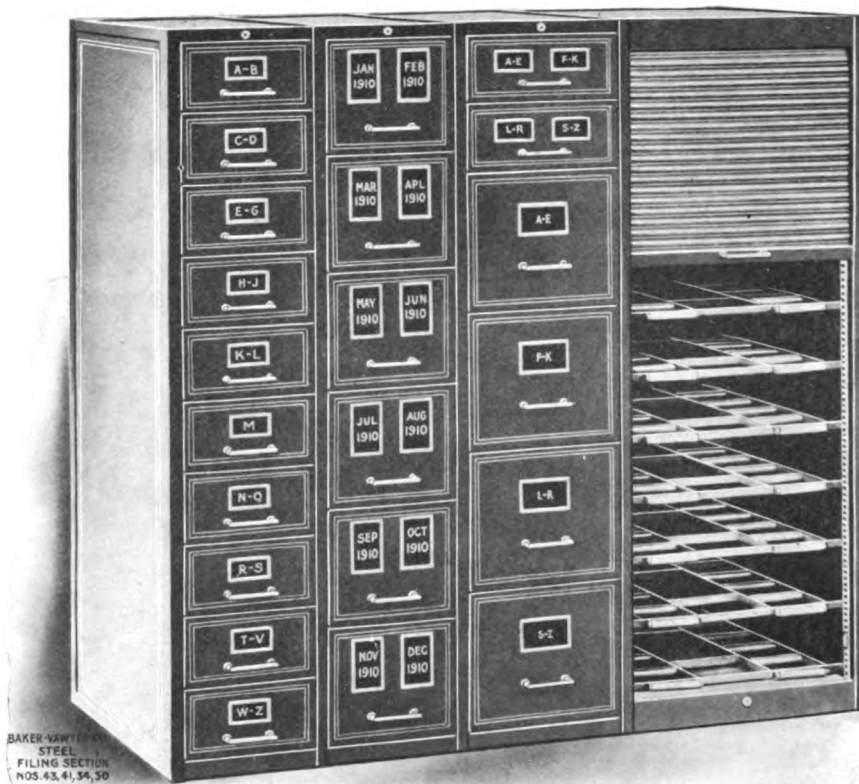
A COMBINATION OF THE 30, 40 AND 220 SECTIONS

records are rapidly superceding the older, more cumbersome bound books, so steel equipment for the busy office is coming into its own, and taking the place, but not the space, that has heretofore been given over to wooden files.

Unless very carefully and heavily built, wooden files, because of the very materials

other vermin find easy entrance, littering the receptacles and imperiling papers stored for protection. Then wooden files, if strong and durable, must be bulky—an important consideration for the banker or office man to consider while rents remain high and floor space is so limited.

In 1904, when the Baker-Vawter Com-



A COMBINATION OF THE 43, 41, 34 AND 50 SECTIONS

pany of Chicago entered the field of steel furniture manufacturers, they determined to perfect a steel vertical file that would successfully resist fire and in every way give perfect satisfaction. Having become known throughout the country as the pioneer makers of loose-leaf ledgers and filing devices, they believed that the designing and manufacturing of vertical steel files should be an important branch of their business and to this end have been bending every effort to make their steel furniture conform to the B-V standard.

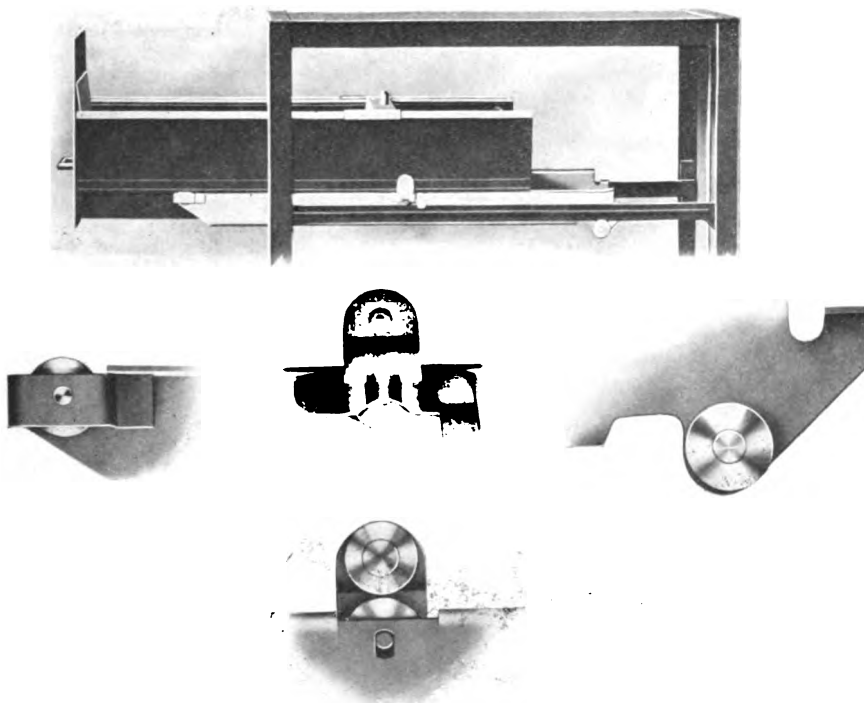
In the beginning no effort was made to tempt workmen or designers away from other firms, similarly engaged in the manufacture of fireproof office furniture, the intention being to create a new steel file that would bear the stamp of individuality and give service and satisfaction to every user.

The first model, built of sheet steel on skeleton frames of wrought steel angles, tees and channels, was finished in 1904. It was like many first models—good, but not good enough, and was sent back to the factory to be further improved. Finally, in 1907, the makers felt that they had ob-

tained a perfect model and began the manufacture of vertical steel files suitable for many purposes.

The latest products of the Baker-Vawter Company's factory are a revelation of noiseless, smooth-working construction. The drawers are fitted with follower-blocks or compressors that come forward willingly and can be moved backward and forward by a slight pressure of the thumb and finger. In fact, so splendidly balanced and so carefully are the drawers hung, running on a unique arrangement of wheels, that a compartment heavily laden with papers can be pulled out for reference and pushed back into place with the index finger.

An examination of the magnified working parts will show why this ease of operation is possible. The front wheels support the drawer and keep it absolutely horizontal when drawn out. The rear wheels operating under the "T" also brace and hold the drawer level, no matter how heavy the contents. In the center are two wheels through which the drawer "run" passes, guaranteeing smoothness and ease



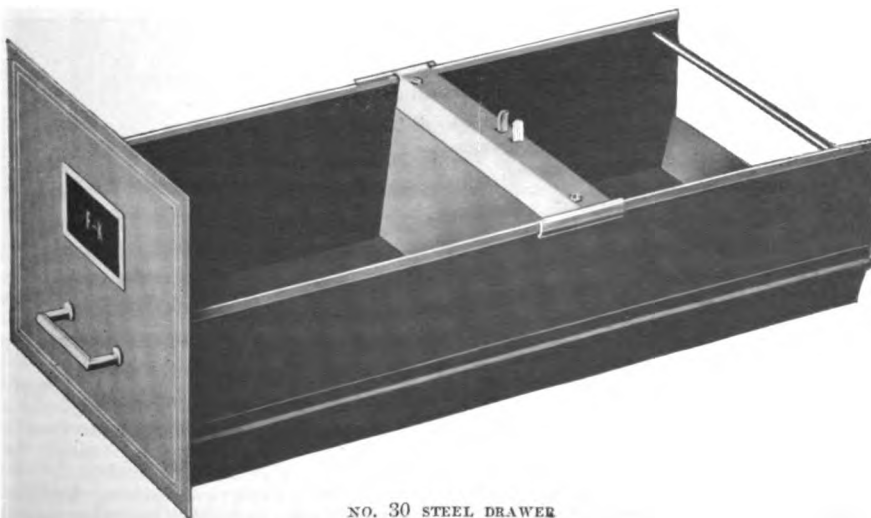
STEEL DRAWER SLIDE WITH MAGNIFIED WORKING PARTS

of motion, while the bottom wheel operates on the "T", or cross section support.

Since a filing section's utility altogether depends on the drawers' ease of operation, this remarkable mechanism should be exceptionally convincing. It guarantees a maximum of use in every drawer, instead

of only partially complete use for fear of overloading.

All sections are interchangeable, as any side panel will fit any section. Fifty files, for example, may be used in combination, and only one pair of side panels will be necessary. If six sections should be re-



NO. 30 STEEL DRAWER

moved to another location, a pair of side panels for the six would be needed, but the remaining forty-four could be united and the rearranged sections continued in use quite satisfactorily.

FIREPROOF QUALITIES.

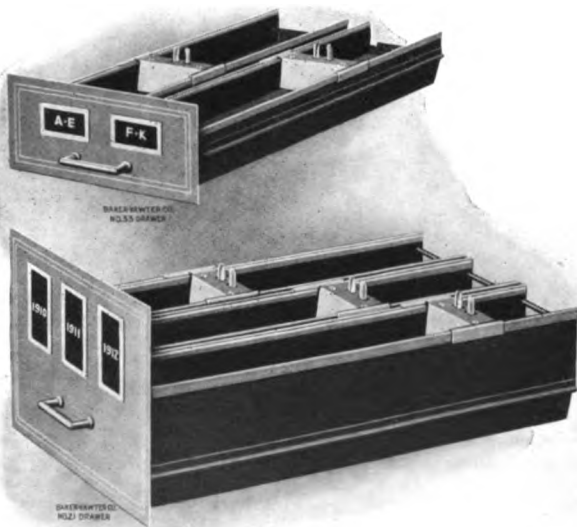
As a general thing the first thought that comes to a man who considers installing steel filing cabinets is the fire protection they furnish. That is natural. It is not claimed that Baker-Vawter sections will withstand a tremendous conflagration, but that they will creditably come through an ordinary blaze has been proven.

In a severe Chicago fire when a six-story

securing the drawers at one operation. The files had just been installed and contained only guide cards—these were somewhat smoked at the edges, but any written notation on them would have been perfectly legible.

The Baker-Vawter lines comprise steel sections for the following purposes: Correspondence, documents, various size cards, legal papers, cancelled checks, deposit tickets, invoices, credits, policy records, storage roller shelves, lockers, wheel bases for moving sections. In every instance these sections are made with a view to giving the user the greatest filing capacity proportionate to floor space available.

Some are made primarily for bank use,



CUT SHOWING DRAWERS WITH TWO AND THREE COMPARTMENTS

building sustained a \$250,000 loss, over seventy streams of water, pumped by thirty-two engines, were directed upon the building before the fire was controlled. It was said by the late Chief Horan of Chicago to be one of the fiercest fires the department ever fought.

On the first floor of this building stood three Baker-Vawter steel vertical files, united in combination. When the building was cool enough to enter, it was found that while all the wooden furniture had been completely consumed, the three steel sections were intact, and all drawers (twenty-one in number) could be withdrawn and replaced; that every follower-block operated, and that in two of the three sections the locking mechanism worked perfectly,

and when united and provided with the proper guides and folders are particularly convenient and ornamental. For instance, four sections can be supplied; one with ten drawers for cancelled checks, one for deposit tickets, one combination section with four drawers for correspondence filing and two 3x5 card drawers, and one roller shelf section with steel curtains. Excellent reproductions of these combination files are published herewith.

Sectional steel files have a tremendous advantage over specially made "built in" cabinets. The latter, once constructed and placed, are immovable—they must "stay put", to use a homely expression.

Practically every enterprising town contains a bank that has recently been re-

modeled, or contemplates improvements. Much of the money originally spent by these banks for filing equipment will represent a complete loss, because it wasn't spent with an eye to future expansion.

A bank need not wait for five years, one year, or even six months before installing these improved fire-proof sections, because they may be put in use at once and later be arranged to fit in with the new floor plans.

The Baker-Vawter vertical steel files are 57½ inches high, which is a trifle above other makes. With a cabinet of this height, there are five correspondence drawers instead of the customary four, thus increasing the filing capacity and effecting a great saving of floor space.

MODERNLY APPOINTED FACTORY.

The factory where these files are made is as perfectly appointed as a modern shop can be. It is newly equipped throughout with punch presses, milling machines, lathes, drill presses, heavy power shears, automatic machines, electrical spot welders, grinding machines, etc., everything in-



STEEL SECTIONS 30 AND 33 (SEPARATED)

stalled with the single view to make the best steel filing section with the least "lost motion" and the greatest possible chance of a hundred per cent. average.

The men who make these sections are proud of their handiwork—the files are built with a degree of pride and care that might be called affectionate, and from the

time the sheet steel is removed from the storeroom until the final polishing is given, every operation is influenced by the Baker-Vawter idea that "Good Enough" is *not* good enough, but that only the best will be accepted.

LOOSE-LEAF DEVICES.

In thousands of country and metropolitan banks there can be found in use to-day



STEEL SECTIONS 30 AND 33 (COMBINED)

the improved Baker-Vawter loose-leaf records. This division of the company's business has grown phenomenally and continues to grow substantially.

The one hundred specially trained men who represent the Baker-Vawter Company in one hundred individual territories are constantly working out new methods for accomplishing greater speed and accuracy in office and shop accounting, and this knowledge is disseminated among their fellows.

These representatives before undertaking their work, are given a course of instruction at the factory and in the home office. Their schooling is unique in many respects. Perhaps the subject chiefly considered is the application of the loose-leaf idea—for any loose-leaf method improperly applied, will surely be a disappointment, and similarly, if it is correctly applied to any given situation or condition, it will at once be accepted enthusiastically by every man who has anything to do with it.

It requires little learning to merely sup-

ply a customer with a duplicate of something he has been using; but to work out a brand new method to take care of an altogether peculiar situation requires initiative and experience.

Certainly Baker-Vawter salesmen have

is not a more important advantage than the reduction of errors—and this manifold system furnishes a unique check on the work of the loans and discounts department.

Among the records especially designed for bank accounting are the following, arranged by departments:

DISCOUNT DEPARTMENT.

Discount register, liability ledger, maturity tickler (or the B-V triplicate system combining the above three records), collateral loan register, mortgage loan register, record of loans offered or applied for, note teller's record.

COLLECTION DEPARTMENT.

Foreign collection register, local collection register (or B-V special duplicate forms for each of above), duplicate collection letters, collection tickler.

DRAFT OR EXCHANGE DEPARTMENT.

Certificate of deposit register, certificate of deposit paid register, draft registers, cashiers' check register, certified check register (usually all of above are combined in one binder).

INDIVIDUAL DEPARTMENT.

Depositors' ledgers, adding machine journals (or special longhand journals),



STEEL WARDROBE LOCKER NO. 225

magnificent opportunities for learning how scores of different department stores, for example, or wholesale hardware houses, or banks, handle their accounts. This, indeed, gives them a truly wonderful course in the university of practical business that a man could never obtain in one office or a dozen offices. And this experience they share with every user of their company's products, imparting suggestions that are of immense practical value.

Some of the loose-leaf devices manufactured by the Baker-Vawter Company of Chicago are standard forms, but a great many of them are modifications or improvements on banking records that have been in use for years. Others are distinctly Baker-Vawter creations—being new rulings and new arrangements or combinations. Among such is the famous "Triplicate Loan System" of exclusive Baker-Vawter origin. This is a method for writing the discount register, maturity tickler and liability ledger at one operation. It has caused more comment, perhaps, than any bank record devised in the last twenty-five years. Saving of time in eliminating two extra operations



PHANTOM PHOTO OF WHEEL BASE WITH SECTION

depositors' statements, old and new balance proof sheets.

GENERAL BOOKKEEPER.

General ledger, general journal, correspondents' ledger, correspondents' statements, reconciliation records, daily financial statement.

MISCELLANEOUS FORMS.

Minute record, remittance letters, expense distribution records, safety deposit box records, tellers' records, stockholders' ledger.

SAVINGS DEPARTMENT.

Savings ledgers, savings journals, proof sheets, recapitulation of interest records.

In every department of a bank interchangeable leaf records can be advantage-

ously used and used with a maximum of convenience and safety. Properly designed checks, whereby one record audits or verifies another, should be instituted in every bank. In this connection it may be said that the extraordinary publicity given the "Depositors' Statement" (as a successor to the antiquated passbook in which all cancelled vouchers were listed) by the Baker-Vawter Company, has provided an army of banks with a perfect daily check against individual ledger accounts.

BANKING PUBLICITY

Conducted by T. D. MacGregor

ADVERTISING FROM A BANKER'S STANDPOINT

By C. B. Hazlewood, Assistant Secretary Union Trust Company, Chicago

THE professional advertising man says that the banking business is no different from any other and that it can be advertised as well and successfully as flour or the automobile business. We bankers, on the other hand, are fond of saying that the banking business is different and distinct, and that theories that would succeed for general advertising would fail in bank advertising. There is perhaps a middle ground; I agree with the advertising man who says that the details of bank service can be explained and the advantages of banking argued for in the press and by letters. On the other hand, I agree with the banker that his business is different from almost any other, not because he cannot advertise, but because he has a double task to perform in his advertising.

A prospective customer of a store wants to know only that the goods offered are value for the money. It makes no difference to him whether the store is in a sound financial condition or not. The banker, on the other hand, must show the people that his service is worth while, and he must also win their confidence in the soundness and strength of his institution. The store proprietor has only to show value. The banker must show value and also reasons for confidence.

INSPIRING CONFIDENCE.

The first and most important object of all bank advertising, in my mind, is to produce confidence in your bank. The best result you can get from printer's ink is to make the people conclude that your bank is safe and conservative. To do that you have got to give the people facts and figures. Prove to them that you are in a strong condition.

Remind them of your history and growth. Tell them how their deposits are invested.

The advertising man tells us that our statements of condition that we publish in the newspapers are unintelligible to the ordinary man. Probably his point is well taken—publish an explanation of the various items in your statement and show relations between them. That kind of advertising counts.

If you want to gain confidence you must be dignified in your advertising. You cannot be witty or comical and gain confidence. No one has confidence in a clown. It seems to me that is a very important point. It is a part of a bank's stock in trade to preserve an air of dignity and conservatism. Its advertising should be of the same sort. I have seen some comic bank advertising and even some poetical bank advertising. This does not gain confidence and a banker's success depends on confidence.

DIGNIFIED ADVERTISING.

It is well to be dignified in your advertising; it would be worth while, also, to be distinctive; different from the rest. Have some style of type or arrangement; some sentence or slogan that is your own. Best of all, have a trade mark. Retain a capable artist and tell him what you want, tell him about your bank, what peculiar features there may be about its history and service. Tell him you want him to get up a design which shall be neither round nor square, or octagonal, nor shield shaped, or of any other common shape. Tell him that you want a trade mark that can be no other than your own, that people would recognize as yours, even if there was no name on or about it.



A Comparative Record of the progress and growth, without consolidation, of an old conservative bank.

The Union Trust Company was organized in 1889, and from that time until January 1, 1901, accumulated \$4,863,886 of deposits. The following figures will show the bank's growth for the 12-year period, from Jan. 1, 1901, to 1911, inclusive:

	Jan. 1, 1901	Jan. 1, 1905	Jan. 1, 1907	Jan. 1, 1909	Jan. 1, 1911
Deposits—	\$4,863,886	\$7,575,505	\$10,267,816	\$12,707,886	\$20,268,546

The deposits of this bank are principally derived from substantial business houses and individuals in Chicago and vicinity. The above figures show the growth of the bank and the confidence of the business community.

	94.8%	94.3%	97.1%	91.3%	90.3%
Percentage Cash Reserves—					

Each figure represents the cash on hand in the bank and in other banks that act as reserve agents. All Chicago banks are required by law to keep on hand 25% of their total deposits in cash with reserve agents at all times. It has always been the policy of this bank to maintain a percentage of cash means in excess of these legal requirements as evidenced by the above figures.

	\$1,226,250	\$1,320,420	\$1,541,567	\$1,504,800	\$2,162,801	\$2,411,682
Total Capital, Surplus & Reserves—						

These figures show the stockholders' investment in this bank. All of the money represented by the above figures, with the exception of \$125,000 paid to the stockholders when the bank was organized in 1889, has been actually earned by this bank and put aside for the protection of its depositors.

	22-16 to 1	24-16 to 1	27-16 to 1	27-10 to 1	29-10 to 1	30-10 to 1
Ratio of Deposits to Total of Capital, Surplus and Reserves—						

These figures show the real strength of the bank. The smaller the ratio of net worth to deposits the stronger the bank. The ratio maintained by banks generally is about 10 to 1. It is the conservative policy of this bank to keep this ratio considerably lower, as the above figures will show.

We invite the account of business substantial business houses and would be pleased to send one of our officers for an interview with anyone who would consider a change in their banking connection. Our officers will be glad to have personal call at any time to talk over these matters.

**Tribune Building
Madison and Dearborn Streets
Chicago**

INTERESTING TO THE STATISTICIAN

Have him make several sketches with these ideas in mind; then have him make some of them over again, and then have him make one of them over again several more times. Perhaps you will arrive at a satisfactory result in a month, more likely in six. Then use this trade mark on everything you print, on pass books, check books, checks, statements, statements of condition, desk blotters, stationery, transit letters, everything that goes out of the bank. Use it in all advertising, spend money on it, capitalize it, make it stand for your bank. If you do this, I will promise you this big result.

GET A TRADE MARK.

The money you spend in advertising will be worth twice as much to you as it is now if you use a trade mark. People will see your trade mark so many times that they will think you are spending twice as much money as you are. After you have used this trade mark a number of years it will be worth money to you. You can put it alongside of the item of good will when you

calculate the intangible assets of your bank. I know a man who owns the controlling interest of a large manufacturing concern in both the preferred and common stock. The preferred stock represents the plant, the machinery, the real estate and tangible assets; the common represents the patterns, the good will and the trade mark—the water, if you please. Now it so happens that millions have been spent in advertising his line of goods and everywhere his trade mark is known. I asked him once which he would rather sell, the control of the common or the preferred. He answered, "The preferred by all means. I can sell the plant, buy a new one and go on making stoves just the same, but I cannot make my brand of stoves under my trade mark unless I retain the ownership of that trade mark."

I would say, then, that it is important to make your advertising dignified. It is important to make it distinctive. In the third place it is important, I think, to give it meaning and life and to say something in your advertising. Show reasons for using a bank and for using your bank. Put some

study and thought into the copy you write.

There are several forms of advertising available to the bank in a small medium sized town. The one first thought of is newspapers. I believe that a certain amount of newspaper advertising with the name or trade mark of the bank prominently displayed, with frequent changes of copy, should produce good results. I would ask the papers for a good position, and, if possible, have the same position in every issue. The top column next to the reading matter and the right-hand pages are considered the most desirable positions in general. I think I would also ask for a position next to the local news, which is the part of the paper most read. If the paper had a financial section, I would not buy space in that section or on that page, for advertising my Savings Department. The ordinary man, the mechanic, clerk or farmer does not usually read the financial page. The bankers in your town probably do, but I can see no object in advertising to your competitors. I would use plenty of white space around my advertisements. White space attracts attention.

A great many banks use novelties, calendars, etc., for advertising purposes. It seems to me that this has been over done. There is undoubtedly a value in this form of advertising. The value arises, in my opinion, in the creation of good will among your own customers.

ENCOURAGE GOOD WILL

We do not believe, however, that many people open an account simply for the purpose of securing a calendar or other novelty. On the other hand, it is a fact, of course, that most of your new accounts come through the courtesy of your old friends. In my bank over a twelve months' period, we found that seventy-five per cent. of our new customers were introduced by old patrons. This shows, to my mind, that it is worth while to encourage good will and interest of your old patrons in every possible way. If some sort of novelty or calendar is mailed or given to every one of your customers, it will remind them of the bank, and you can, in addition, write them a letter or enclose a card stating that you would appreciate any business they may bring to you. Your novelties should bring satisfactory results. The trouble with calendars is, to my mind, that if you start to give them out, you are almost compelled to continue giving them out year after year. Even though you may think their usefulness outgrown all the small boys in the town are likely to come each year and ask for one of your expensive calendars. I have observed that people become accustomed to the sight of calendars hanging on the wall of their home, so much so that they are not able to tell the name of the advertiser. It is rather interesting to study this question. I have asked a good many of my friends if they

could tell me the names of the advertisers on calendars that hung on their own walls. In most cases I have found that they are unable to do so. I have found a great many bankers who believe that the calendar advertising plan is scarcely worth while in the long run and who prefer to give some other kind of novelty each year as they see fit.

PROGRAMS DON'T PAY.

Most every advertiser has agreed that programs do not pay. In the first place, the cost is out of proportion to the circulation, and in the second place, the advertising receives but little attention. When people go to an entertainment or to a ball game, or to the theatre, they are not in the

Tuesday Talks on Business and Banking by the First
National Bank, Montgomery, Ala.

No. 3, July 25, 1911.

Do You Remember When Banks Didn't Advertise?

You can admit that and not feel old. Most of us remember the time very well when bankers felt about advertising somewhat like the strict professional man does today—abhorred it from his soul, and for more business depended on being advertised "by his loving friends."

Do you think it was because he didn't wish to appear to WANT business?

Or because of a mere desire to hold himself aloof from the outside world, and "not be as other men are?"

Talking "from the inside" and from a personal knowledge of what goes on in the banker's mind, we can say that the indisposition to advertise, more than anything else was, and is today, as far as it may exist among bankers, due to THE GENERAL ATTITUDE OF THE PUBLIC TOWARDS ADVERTISING ITSELF, and not because bankers have the least desire to keep up an air-tight, cold-storage attitude. You know them as a class well enough to know that they are pretty keen for more business and in their personal contact with folks are as unreserved and cordial as good business men ought to be.

Since our last week's talk was printed, one newspaper man has come to us and expressed his unqualified approval of the movement among business men and newspapers for CLEAN ADVERTISING. Bankers are somewhat new in the advertising field, but there will be no class of business men who will hail with more delight the coming of the day when the ADVERTISEMENTS IN A REPUTABLE NEWSPAPER WILL BE AS RELIABLE AS IF THEY WERE THE DISINTERESTED RECOMMENDATIONS OF A GOOD FRIEND.

Banking is a business that stands for absolute reliability or it is worse than nothing. Their advertisements, as we said last week, ought to be as good as their bond. They are not lagging behind, however, waiting until everybody else conforms to the standard of BELIEVABLE ADVERTISING. Some banks may advertise just "to be public-spirited" and "help the papers", mixing a little business along with their "reciprocity" and "patriotism". We do so because our BUSINESS IS DEPENDENT UPON THE PEOPLE—and largely upon the people who read Montgomery newspapers—people who APPRECIATE FACTS and respond to FRANK and HONEST statements about a business that comes very close indeed to them.

GOOD LINE OF TALK

mood to think about serious matters such as saving money. They may read your advertisement, but it has little effect on them. In the advertising for my own bank, for instance, I ran the same copy in various theatre programs that I used in the newspapers and at the same time. I found that, whereas we secured very satisfactory results from the newspaper campaign, we were not able to trace a single inquiry or account to the programs. The evidence of actual results has been conclusive to me and I think it would be to you as well. Of course, there is a certain amount of complimentary program advertising that we all have to do which could be as well charged to charity. The idea to keep this item down as much as possible.

FOLLOW-UP LETTERS.

To my mind the most productive kind of advertising for a bank, short of actual solicitation, is follow-up letters. A good list of prospects, with personal courteous letters, originally written and personally signed, is very effective. It appears to me that it is a mistake to send out imitation type-written letters with the idea that they will deceive anybody into thinking they are receiving a personal invitation from the bank.

I will venture to say that there is no one in this audience who would not know an imitation letter at sight. It seems presumptuous to me that we should think that any one else would be deceived by that which we are able to recognize ourselves. The usual argument for imitation letters is that they can cover more ground. My contention is that it is better to cover less ground more thoroughly. To give you an example. The imitation people ordinarily figure upon about three per cent. of replies. I have written a series of three or four follow up letters to a list of prospects and received as high as 90 per cent. replies. Furthermore I venture to say that people whom I wrote to were more favorably impressed than they would have been had they received an imitation letter with a rubber stamp signature. It has been my experience that a bank can secure at least fifty per cent. replies from their follow up letters, and what is still more important can secure actual business. The letters must have a personal ring, and if possible, should show in their text some indication that they are written directly to the prospect.

If you feel that you have too large a list to warrant the expense of postage and stationery, I would suggest this method of re-

Where Will You Keep Your Valuables This Summer?

Silverware, Jewelry, Documents, Rare Brics-Brac—those little things you can NEVER replace—is it safe to leave them in the house when you go away this Summer? Why not take a box in our **SAFE DEPOSIT VAULTS**? Better than the best burglar insurance. We have 556 boxes. Sizes from 2 inches x 5 inches x 24 inches to 10 inches x 105 inches x 24 inches. Vaults for trunks and large packages. You will be surprised to learn how reasonable the prices are.

CITIZENS TRUST COMPANY,
Seneca Square, Utica, N. Y.

What Will He Do With It?

A wooden door—a flimsy sash—a dainty escritoire—family away for the season—a policeman on the next block. **What will he do with it?** A 12-Ton Door of Solid Steel Plate—so hard no tool can make an impression—so securely locked no human ingenuity can open until the clocks release it—back of this the finest Chrome and Bessemer Steel Safety Deposit Vaults in Central New York State, filled with boxes to hold your valuables—building open every business day in the year—watchman on guard day and night. **What will he do with it?**

Citizens' Trust Company,
SENECA SQUARE, UTICA, N. Y.

HOW ABOUT THAT BOY OF YOURS?

It won't be many years before he goes to college. Why not prepare for that time now? It takes him years of study to get ready for College—why not make those same years to save the fund to send him? Open an **INTEREST ACCOUNT** with us. Deposit a regular sum each month. Interest on such accounts with us is computed monthly. Twice a year we compound that interest—and by the time that boy is ready for College, you will be ready to send him.

CITIZENS' TRUST COMPANY
Seneca Square, Utica, N. Y.

Eight Years Ago

if you had begun to save \$10 a month and had deposited that sum regularly with the Citizens' Trust Company you would now have to your credit

\$1,107.91.

Why not start an Interest Account with us now for the next 8 years? \$1.00 will do it. We allow you interest each month at the rate of 3½ per cent. a year—and twice a year we compound that interest.

Citizens' Trust Company,
Seneca Square, Utica, N. Y.

ducing your mailing list. Send out a first letter to all of your prospects, enclosing a statement and some other booklet and also a return card with a space for the name and address to be filled in by the recipient of your letter. Let this card be a request for additional literature or an expression of interest in the bank's proposition. Then these cards will form a very good mailing list for future letters. You will cut out, by this process, a very large part of the names and have secured a choice mailing list which you can use for successive letters until you receive, either a definite yes or no reply to your invitation to open an account with you. I believe in following up your prospects persistently, though tactfully. It has been my experience that people to whom we have written as many as twelve or fifteen letters without ever receiving a reply have come into the bank and said that they want to open an account with us. I have several accounts today that we started going after three or four years back and who have been continuously reminded of the bank by occasional letters. This brings me to the subject of booklets and circulars.

A BOOKLET ONCE A YEAR.

It has been my experience that it is largely a waste of time to keep an elaborate record of the booklets and circulars that are sent out. It is a good scheme, undoubtedly, to send out your statement or other booklets to a general list, occasionally. It seems to me, however, that the best use for a booklet or statement is as an excuse for writing to your prospects again. After you have written them three or four times you really have no good reason for addressing them again. If, however, you write them a letter at the time your statements are issued and say that you are enclosing your statement for their inspection you can very naturally reiterate your invitation to come in and see you. I do not think that you have to send your statements out immediately after a call if you have a follow up system, a set of files and follow up cards. You can take a few prospects every day—write, sending them a letter and enclosing statement as suggested. This covers the work of solicitation over the entire year and does not call for extra help at any particular time. We do not think it is worth while to start a file until you have secured an answer to one of your letters to a prospect or until you have written him, at least, three times.

You can put into a booklet a great deal more than you can publish in a newspaper advertisement and it seems to me it is worth while to publish, at least, one pamphlet or booklet every year. We think that every bank could very well afford to issue a sort of historical booklet containing a sketch of the history of the bank, portraits of the officers and perhaps the directors and pic-

tures of the interior and exterior of the bank. Such a booklet serves as a sort of introduction to strangers and is a nice thing to give out by way of a souvenir. It is worth while also to publish booklets describing services rendered by the various departments of the bank. A great many people are unfamiliar with the actual procedure of opening an account or of using a checking or savings account. A simple explanation of these matters would be appreciated by a great many of your neighbors, especially women who are unfamiliar with business affairs and the usefulness of the bank.

HOW MUCH TO SPEND.

So much for the various mediums that are usually at hand for bank advertising. The question of how much to spend is almost as important as where to spend it. The amount appropriated for advertising should be proportionate to the size of the bank and the field to be covered. You can do a good deal with a few hundred dollars in a small town, while it takes a good many thousand to properly advertise in a big city. The appropriation of some of the banks in Chicago amounts to between \$20,000 and \$30,000 a year. Unless a banker sets his mind on the amount he will spend for advertising, and on each kind of advertising, he is liable to go beyond what he has appropriated. If, however, he makes up his mind at the beginning of the year just what he wants to spend and in what way he wants to spend it he is likely to get better results from his advertising. Furthermore, he has an excuse for turning down the programs and other unprofitable mediums that are offered—he can say that his appropriation is exhausted.



TRACING RESULTS.

We have discussed several means of advertising. What about the results. Every one has agreed who has tried it that it is a very hard matter to trace results in bank advertising. If the profit on accounts received by advertising was supposed to equal the advertising appropriation there would be very little money spent in this way. We all try to check up our results but our tabulation is of value chiefly because it gives a comparative idea of the pulling power of various mediums.

The results of bank advertising are beneath the surface and cannot be accurately measured. The bank that will advertise

consistently in a dignified fashion, that will keep its name before the people in a favorable way and that will advertise its desire to handle new business in a thorough and courteous way, is bound to make headway if it has the right management. The bank's advertising is a large factor in forming the public's judgment of what sort of bank it is. We must never allow ourselves to think that we have the confidence of every one in the community and have accumulated all the business that it is possible to get. There is always some one to convince and whom it would be worth while to have as a customer.

The bank that advertises will grow.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE National Bank of Smithtown Branch, Long Island, N. Y., does considerable direct advertising by circulars, blotters, statements, etc., as in its position it does not find newspaper advertising feasible.

W. R. Stackhouse handles the advertising of the Citizens Trust Company, Utica, N. Y. In addition to the good newspaper service, samples of which are reproduced, he sends us two copies of "The Bank Book", an effective little house organ in monthly booklet form, containing interesting talks on the various features of trust company and banking service.

That is a fearsome picture which the Union Trust and Savings Bank of Spokane uses in its double postal card to scare people into a realization of their need for a



RECENT BURGLARIES

SHOULD you care to know what happened in the great night when the Union Trust and Savings Bank of Spokane was burglarized? The following is a list of the things that were stolen from the bank on the night of the 12th inst. The things stolen were: \$25,000 in cash, \$10,000 in bonds, \$5,000 in jewelry, \$1,000 in silverware, \$500 in furniture, \$250 in books, \$100 in miscellaneous articles, and \$50 in cash. The total amount stolen was \$42,000. The bank is now looking for the thieves and will reward anyone who helps to catch them.

UNION TRUST & SAVINGS BANK
SPOKANE
The People's Bank Building

A THRILLING LEAFLET

safe deposit box. It ought to make the reader sit up and take notice even as the badly scared housekeeper in the picture is doing.

The First National Bank of Davenport, Iowa, sends us a photograph of one of its



STRONG OUTDOOR DISPLAY

out door advertisements, which we reproduce herewith. The bank says:

You may interested in the enclosed photo of one of our out-door advertisements. The sign is painted in colors and is much more attractive than the photo would indicate.

Solid Teutonic worth and dependability speak forth from every line of that advertisement of The German Savings Bank, of Newark, N. J., signed by its president, Gottfried Krueger. But it is too bad not to have an interesting headline, because that would attract more attention and the bank would get just as much general publicity with its name printed near the end of the advertisement.

It is a very novel booklet which the State National Bank and the State Savings and Trust Company of Texarkana have issued in conjunction. The scheme is the use of pages gradually decreasing in size toward

the middle of the booklet, where a birds-eye view of the town is used, while the headings of each page show simultaneously when the book is opened at that point.

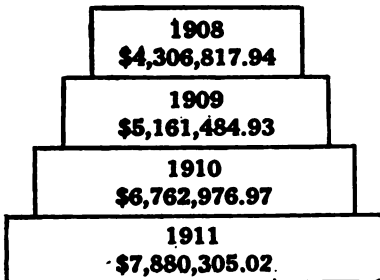
Mr. J. W. Griffith of the Fidelity Trust Company of New York sends us some of the advertising matter of that institution.

NOTABLE EVENTS OF THE YEAR

Increase in Capital and Surplus from \$1,500,000.00 to \$2,000,000.00, enabling the company to broaden its business.

**Increase in
Deposits July 1st in Each Year**

Commenced Business May 22, 1907



Increase in Resources to over \$10,000,000.00.

Elected to membership in the NEW YORK CLEARING HOUSE ASSOCIATION, making checks on this company, in payment for drafts, etc., acceptable by all banks and trust companies, members of the Clearing House, and checks certified by us acceptable by the U. S. Collector of Customs in payment of duties on imports

Designated a Depository for the General Funds of the State of New York, in addition to those of the City of New York.

Paid 2% extra as a Christmas Dividend, in addition to the regular dividends for the year, which amounted to 6%.

FIDELITY TRUST COMPANY

Chambers St. & W. Broadway, New York City

OFFICERS

President.	SAMUEL S. CONOVER
Vice-President.	WM. H. BARNARD
Vice-President.	JOHN W. NIX
Secretary.	ANDREW H. MARS
Asst. Secretary.	STEPHEN L. VIELLE
Trust Officer.	ARTHUR W. MELLE

A BUSY YEAR

We reproduce the advertisement headed "Notable Events of the Year" as it illustrates how to show, graphically, the progress of a growing institution.

The Continental and Commercial Trust and Savings Bank of Chicago, upon taking up its new location on the main floor of the Commercial National Bank Building, sent

to the tenants of the adjoining building a leaflet entitled "Just a Word to You From a Neighbor." After pointing out the convenience of its location the bank goes on to explain briefly its various functions, and presents a list of names of its officers and directors.

The Cleveland Trust Company takes another tack for a similar purpose by presenting a beautiful four-color picture of mountain tops and this copy under it:

When the Mountains Beckon.

Make your vacation carefree by storing your household valuables in our storage vaults.

Silverware, art-works and other portable valuables protected from fire and theft. Moth-proof cold storage for rugs, furs and winter garments.

Our automobile delivery wagon will call for and return packages upon request.

Jorn Ring, Jr., advertising and purchasing agent of the Mercantile Trust Company, St. Louis, writes:

Attached is a circular which we are to-day mailing out to a list of investors. I send it to you as something unusual in the form of investment literature.

The circular is a reprint of "The Average Man's Money" page in "Collier's Weekly," containing an article on "First Mortgage Real Estate Investments" by Festus J. Wade, president of the Mercantile Trust Company.



GOOD SAVINGS TALK

A New York Institution That Uses Leaflets to Advantage

PRESIDENT WILLIAM J. ROOME of the Excelsior Savings Bank, 23rd street and Sixth avenue, New York, writes:

I herewith enclose samples of the leaflets we have been issuing lately. I also enclose a circular entitled "Banking by Mail," giving a picture of the new building, where we expect to be located on or about the first of April next.

One of the leaflets referred to is entitled "Methods of Saving," and reads as follows:

A recent periodical tells of a man who started a bank account, and deposited sixty-six dollars in it in a year, by beginning with a single cent and doubling every day of the week. For example, on Monday he laid aside the one cent, on Tuesday two cents, on Wednesday four cents, on Thursday eight cents, on Friday sixteen cents, on Saturday thirty-two cents, and on Sunday

The German Savings Bank of Newark, N. J.

The many thousands who have entrusted, and entrust, their savings to this institution, as well as the board of trustees, the officers and the employees of the bank have just reason for proud satisfaction and mutual felicitation upon its prosperous development and constant progress since the opening of its doors for business.

The sum total of deposits entrusted to the bank now exceeds **SIX MILLION DOLLARS (\$6,000,000)**.

Its assets exceed **SIX MILLION AND THREE HUNDRED AND FIFTY THOUSAND DOLLARS (\$6,350,000)**.

Hence a surplus of **THREE HUNDRED AND FIFTY THOUSAND DOLLARS (\$350,000)** over liabilities.

Of the assets nearly **FOUR MILLION DOLLARS (\$4,000,000)** represent investment in first mortgages on real estate conservatively valued at more than **TEN MILLION DOLLARS (\$10,000,000)**.

Over **ONE AND ONE-HALF MILLION DOLLARS (\$1,500,000)** represent investment in interest-bearing municipal and county bonds of unquestionable security.

The bank possesses its own home, having a market value of over **TWO HUNDRED AND FIFTY THOUSAND DOLLARS**.

The interest payments on the mortgages in possession of the bank are made with such regularity and promptness that foreclosures have been unnecessary, and thus the bank is entirely unburdened with any real estate acquired under foreclosure—a fact proving the care and circumspection exercised by the board of trustees and the officers of the bank in granting of loans, in order to safeguard the savings of its depositors.

With the same care and circumspection as in the past, the business of the bank will be conducted in the future in constant endeavor to justify and retain the confidence reposed in the institution by the inhabitants of our city.

GOTTFRIED KRUEGER, President.

A SOLID AD. OF A SOLID BANK

sixty-four cents. Adding this altogether, he deposited one dollar and twenty-seven cents on Monday morning and started again with one cent on Monday night. Another man hearing of it, worked the same plan, only backward. Monday was his pay day, and like most others, the farther he got from pay day the less less money he had. So he began on Monday with sixty-four cents, and then put by thirty-two on Tuesday, sixteen on Wednesday, eight on Thursday, four on Friday, two on Saturday and one on Sunday, with exactly the same result—one dollar and twenty-seven cents to put in bank on Monday morning.

Another case was that of a printer who dearly loved bargains. He was always talking, at the office, of three-dollar shoes he had bought for two-sixty, or the cheap neckties he had found, or of how he walked to save car fare. But a really saving man, in the same office, who had a bank account of his own, criticized him one day—

"You never actually save any money," he said. "You only talk about it. Why don't you salt away in bank all the money you gain on your bargains? Then you'd be saving, not talking."

The bargain hunter accepted the idea. After that, whenever he saved forty cents

on a pair of shoes, it went into his "savings pocket." When he walked to the office instead of taking the car, the nickel went into that pocket too. In a few months he had a savings-bank deposit, and it is now as much a pride to him as his bargains.

Either of these ways will help to save toward a vacation, a trip to Europe, or even a house and lot. They are novel—but they are worth trying by anyone who has never saved in the past; and they are picturesque hints to the rising generation.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list by writing to the editor of this department. Watch each month for new names and add them to your list.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

Stuart Wilson, Cashier, State National Bank of Texarkana, Ark.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

H. M. Jefferson, Cashier, Bank of Coney Island, Coney Island, N. Y.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

DIRECT TO THE BANKS AND TO US, TOO.

In accordance with your suggestion in the July issue, will you kindly put us on your list for the exchange of advertising matter, and advise us whether or not the exchanges are to be sent direct to other banks or through your office.

Very truly yours,

GEO. J. SCHALLER, Cashier,
Citizens Bank of Storm Lake, Storm Lake, Iowa.

GLAD TO TAKE ADVANTAGE OF IT.

Shall be very glad to take advantage of your offer to have my name placed on the list of those who wish to exchange banking publicity matter. Have placed your name, together with the names published in the magazine, on our mailing list. I did not see your original offer in regard to publishing these names and if there is anything further necessary to be done please let me know.

J. G. HOAGLAND,
Continental and Commercial Trust and Savings Bank, Monroe and Clark streets, Chicago.

GREATLY PLEASED.

We are greatly pleased with your Bank Advertising Exchange and would be glad to have you place our name on your list.

We have already written the list of banks and financial houses published in this issue, asking them to exchange advertising matter with us.

We have also placed your name on our mailing list for our "Investors Magazine" which we issue twice a month in the interest of sound investments.

H. B. MATTHEWS,
S. W. Straus & Co., Inc., Straus Building, Chicago.

HARDLY WHAT HE EXPECTED

DAVID R. FORGAN, the Chicago banker, has a dry Scotch humor. Speaking of the danger of being puffed up by sudden honor, Mr. Forgan told this story of Simpson, the great Scotch physician. "Dr. Simpson had been absent from his class for some time and on his return he announced that a great professional honor had been conferred upon him," said Mr. Forgan. "I am very happy to inform you, young gentlemen, that a very great honor has come to me since last we met

here,' Professor Simpson said, his face beaming with honest pride. 'I have just received notification that I have been appointed physician in ordinary to her Majesty, Queen Victoria.' The great discoverer of chloroform looked over his glasses as if he expected his class to be quite taken away by the great news.

"Instead he was shocked to hear those Scotch boys burst into the national anthem 'God Save the Queen!'"—*Kansas City Star*.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

ARRANGEMENT OF BANK INTERIORS

By J. H. Griffith

IT is by no means an unusual thing to see a magnificent bank or trust company interior, costing perhaps many thousand dollars, so arranged as to be illy adapted for the actual work of the institution. The most common mistake is the setting aside of a large space for the desks of the executive officers. If this space is in the front of the bank and contains several costly desks which are seldom occupied, it gives the banking room a deserted cathedral-like appearance, which may be imposing, or even awe inspiring, but visitors are not impressed with the prosperity of the institution by any such display.

A little crowding of the desks of the executive officers does not create a bad impression, especially if there are good comfortable chairs for visitors. It looks very much better to have the desks of the officers separated from the public by only a neat rail, instead of heavy partitions and cumbersome glass doors.

TELLERS' WINDOWS.

The arrangement of the tellers' windows is another important matter. It is often the case that the paying and receiving teller's windows are so close together as to mix up the lines during the rush hour. This could be avoided by having the receiving teller's cage most accessible to the public, since it is the one oftenest used, and both the paying and receiving tellers' cages so arranged that a customer need not pass the paying teller's line to get to the receiving teller's window.

BOOKKEEPERS' WINDOWS.

Another important matter is the location of bookkeepers so they are readily accessible to customers. It takes no more time to tell a customer his balance at an open window than it does to send it from an obscure balcony or a basement by telephone or other instruments for the purpose, and the open window way is very much more

satisfactory. It will pay to make more divisions of the alphabet if necessary and give bookkeepers time enough to attend carefully to the depositor with a difference in his account, or a grievance of any sort.

The arrangement for the opening of new accounts is very important. I have known good prospective depositors to be driven away from a bank by the crude arrangements for the opening of accounts and the awkwardness of the officer in charge of the work.

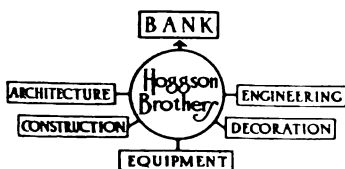
PUBLIC CONVENIENCES.

A handsome desk, plentifully supplied with pass books and all paraphernalia of a new account—a comfortable chair, writing materials and either a slide from the desk or a separate table—all are very important. The officer attending to this work should not be constantly interrupted by clerks for signatures or other details of the clerical work of the bank, but should have ample time to devote to the prospective customer, especially if it be a woman or a novice in the banking business. Some of our most successful banks have devoted much attention to the department for the opening of new accounts.

It is of especial importance that space be set aside for ladies—where they may be sure of privacy—and be allowed to take all the time they want to make out deposit tickets, examine their papers and count their money. This department should be provided with toilet requisites, and when practicable there should be a ladies' maid in attendance. The modern bank building does not seem complete without a ladies' retiring room, which should be furnished with dainty feminine things.

These matters—which are too often looked upon as unimportant—have more to do with the success of a bank than the \$10,000 desk which it is said one of our famous financiers ordered for himself, but which was left unopened for months at a time while he was traveling in Europe.

Too Long to Decide




**We Build from
Coast to Coast**

IT has often taken a board of directors longer to decide on plans for a building and who should build it, than it has to erect and complete the building. "Successful bank building," meaning dispatch, economy, satisfactory design, arrangement, equipment and furnishing, requires a broad experience with bank building. We have it. Hundreds of banks have found our experience and our single contract method large savers of time, money and worry.

HOGGSON BROTHERS

7 East 44th St. : : : New York
First National Bank Bldg., Chicago, Ills.

NEW YORK BELTING & PACKING CO. LTD



ORIGINAL MANUFACTURERS

INTERLOCKING RUBBER TILING.

An Ideal Flooring for Banks

The most satisfactory flooring for banks.
It is odorless, noiseless, sanitary and non-slippery.
It is more durable than marble, mosaic, and more attractive. Can
be made to harmonize with interior decorations. Banks all over the
country are using this flooring.
Write for full particulars, including opinions of these bankers.

NEW YORK, N.Y. 91-93 CHAMBERS ST.	BOSTON, MASS. 232 SUMMER ST.
INDIANAPOLIS, IND. 120 S. MERIDIAN ST.	PORTLAND, ORE. 40 FIRST ST.
CHICAGO, ILL. 130 W. Lake St.	SAN FRANCISCO, CAL. 129-131 FIRST ST.
ST. LOUIS, MO. 218-220 CHESTNUT ST.	PITTSBURGH, PA. 933-935 LIBERTY AVE.
PHILADELPHIA, PA. 116-120 NORTH 8TH ST.	SPOKANE, WASH. 163 S. LINCOLN ST.
LONDON, ENGLAND, 11-13 SOUTHAMPTON ROW	

Old Colony Trust Co.

BOSTON, MASS.

Capital and Surplus - - - \$12,500,000

Deposits (over) - - - 80,000,000

OFFICERS

T. JEFFERSON COOLIDGE, JR., Chairman Executive Committee
GORDON ABBOTT, Chairman of Board
FRANCIS R. HART, Vice-Chairman of Board
PHILIP STOCKTON, President
WALLACE B. DONHAM, Vice-President
JULIUS R. WAKEFIELD, Vice-President
E. ELMER FOYE, Vice-President
CHESTER B. HUMPHREY, Vice-President
FREDERIC G. POUSLAND, Treasurer
GEORGE W. GRANT, Cashier
S. PARKMAN SHAW, JR., Secretary
JOSEPH G. STEARNS, Assistant Secretary
F. M. HOLMES, Trust Officer
F. M. LAMSON, Manager Temple Place Branch

DIRECTORS

Charles F. Adams, 2d	William Endicott, Jr.	Hon. Richard Olney
F. Lothrop Ames	Wilmot R. Evans	Robert T. Paine, 2d
Oliver Ames	Frederick P. Fish	Henry Parkman
C. W. Amory	Reginald Foster	Andrew W. Preston
William Amory	George P. Gardner	Richard S. Russell
Charles F. Ayer	Edwin Farnham Greene	Philip L. Saltonstall
John S. Bartlett	Robert F. Herrick	Herbert M. Sears
Samuel Carr	Henry S. Howe	Quincy A. Shaw
B. P. Cheney	Walter Hunnewell	Howard Stockton
Hon. T. Jefferson Coolidge	Henry C. Jackson	Charles A. Stone
Charles E. Cotting	George E. Kelth	Galen L. Stone
Alvah Crocker	Gardiner M. Lane	E. V. R. Thayer
Philip Y. DeNormandie	Thomas L. Livermore	Lucius Tuttle
Phillip Dexter	Arthur Lyman	H. O. Underwood
Hon. Eben S. Draper	Charles S. Mellen	Ellot Wadsworth
George A. Draper	Laurence Minot	Stephen M. Weld
Frederic C. Dumaine	Maxwell Norman	Sidney W. Winslow
		Charles W. Whittier

OUR GREATEST ASSET

This institution, with its 25,000 depositors—most of them individuals and small business houses—holds a position in the public confidence of which we are justly proud, for confidence of this sort is as surely an indication of strength as any array of figures can ever be. Moreover, the personnel of the officers and directors is a guarantee that the welfare of our stockholders, our depositors and the public will be zealously guarded.

A WEAKNESS IN CANADA'S BANKING SYSTEM?

THE New York representative of the "Boston News Bureau" has said very plainly that the banking system of Canada contains a fundamental weakness that is likely to come to light during the early Fall months. His statement is as follows:

Canada's system of banking seems likely to be subjected this autumn to a severe test of its ability to meet the currency requirements of the country. Already there is serious talk of issue of excess circulation under the law of 1908; and importations of gold have been made from New York to the amount of \$2,500,000 within a few days. Importation of gold is not, of course, an indication of weakness, but rather a wise precaution for meeting demands.

Hardly the same thing can be said of the issue of emergency notes, because the previous banking law of Canada gave considerable margin, for elasticity and emergency circulation authorized in 1908 was largely a consequence of the crisis of 1907. The movement of the crops in the autumn of 1907 developed such a stringency in supply of currency that an issue of notes was made without legal authority, but with sanction of the government and under the guarantee of the Bank of Montreal. Future issues of this character were authorized by the act of July 20, 1908, up to the amount of 15 per cent. of paid-up capital and reserve funds, in excess of the existing limit of issue up to par of capital.

Rather extravagant eulogies of the Canadian system were heard in this country a few years ago, from those who advocated a general power to issue credit notes on the part of the national banks. These apparently call for some qualification in view of the events of the past few days. An in-

teresting argument recently made lays emphasis on the fact that the chief merit of the Canadian system of branch banking is prevention of cash suspension by banks, but that the comparison is less favorable as to bank failures and losses, and that the system has not contributed to the upbuilding of the nation to the same extent as has the national banking system in this country.

It is upon the latter point that the Canadian system is perhaps most open to criticism—that the increase in banking capital has not kept pace with the growth of the country. To this fact rather than to the lack of efficiency among the existing banks is apparently due the inadequacy of facilities for circulation which confront the enormous increase in the productive capacity of the northwestern provinces. Those provinces are practically without banks of their own, and they have not been adequately served by the extension of the branches of the old and conservative banks of the eastern provinces, because the latter institutions have not made sufficient increases of capital.

Canada differs from the United States in not being a financial centre. From its geographical and economic position it must necessarily lean to a large extent upon the finances of the United States. Hence in times of panic its isolation preserves it from some of the most serious difficulties of the American system. The extent of country and the volume of business with which it has to deal are not such as to apply such severe tests as in this country. It scarcely affords striking proof of its adaptability to rapid agricultural and industrial expansion that there should already be talk of employing the ultimate resources of note issue enacted only to meet conditions of the most severe stress.

THE CALL OF THE HILLS

IT is an interesting fact that a true prospector seldom or never becomes discouraged in his search for valuable minerals. His optimism is of the kind that never flags, but holds steadfast and true to his dying day.

When once a man has fairly started upon the quest for mineral wealth the fascination of the pursuit is such that his love for it holds throughout life. He is the hunter who never tires of engaging in the chase, and who, when the strength of early manhood is gone, loves to glory in the achievements of the past and is ever ready to give of the fruits of his experience.

Even though the prospector may have struck it rich in his younger days, the fascination of the pursuit is still as strong as ever, and though he may have determined to settle down to the prosaic business of mining, the lure of the summer, the call of the hills, is as a powerful magnet leading him to try his luck once more.

The possibilities are, too, that the proceeds of one find, the sale of a property, will go into the development of another property, and with money gone he will strike into the hills again with the expectation of finding a property that will respond more quickly to his efforts.

Just such an example came to notice from the Northwest recently. Making several stakes and losing them in the development of other properties, this man's experience of forty years has not affected his optimism, his faith in the future, nor has it caused his enthusiasm to wane. To-day he is developing a silver property that is declared to be one of the best in that section, and has as well a gold placer that is awaiting its turn at development.

The optimism of the prospector carries him over the hard places, and leads him on to the bonanza that is the goal of each. The call of the hills is never ending.—*Mexican Financier.*

BANKING AND FINANCIAL NOTES



Merchants National Bank

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Capital - - \$200,000
Surplus and Profits, \$81,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed.

Correspondence Solicited

Directorate of Fidelity Trust Company, New York, Increased.

At a meeting of the board of directors of the Fidelity Trust Company, August 16, James G. Cannon, president of the Fourth National Bank of New York, and Vincent S. Mulford, head of the Jewellers' Circular Publishing Company, were elected directors.

Connecticut Trust & Safe Deposit Company Enlarged.

The capital stock of the Connecticut Trust & Safe Deposit Company of Hartford, Conn., has been increased from \$300,000 to \$750,000. The trustees have been authorized to issue 4,500 additional shares of the par value of \$100 each, the right to subscribe therefor at par to be offered to the stockholders in the proportion of one and one-half shares of new stock to one share of stock held by them respectively.

New Banks in the Southwest.

During the third week of August three banking houses were chartered in Louisiana, four in Texas and two in Oklahoma. The nine banks are as follows:

New Orleans, La.—Gretna Exchange and Savings Bank, Second and Lavoisier streets.

Capital, \$30,000. Directors: Dr. C. F. Gellke, president, Gretna, La.; E. P. Brady, first vice-president, Waggaman, La.; C. M. Babcock, second vice-president, McDonoughville, La.; C. N. Chavigny and Dr. F. Gaudin, New Orleans, La.; John Pfeffer and David Schwartz, Gretna, La.; Vic. A. Petre, Westwego, La., and Sol. Wexler, New Orleans, La. C. A. Tricke is cashier.

Paradis, La.—Bank of Paradis. Capital, \$10,000. Directors: Julius F. Funk, president; A. C. DeHass, vice-president, and A. P. Hopkins, cashier; L. M. Pool, J. S. Slusher and H. C. Favrot. Business is expected to begin about September 15.

Scott, La.—Bank of Scott. Capital, \$17,000. Directors: Dr. L. A. Prejean, president; William Butcher, cashier; J. M. Keith, vice-president; Rev. J. M. Detchmندی, Alonzo Lacy, Joseph Sonnier and Luc. LeBlanc.

Boyce, Tex.—Boyce State Bank. Capital, \$10,000. Incorporators: J. Baldrige, C. C. Wilson and Fred A. Newton.

Cherino, Tex.—State Bank of Cherino. Capital, \$10,000. Officers: E. A. Blount, president; W. H. Gray, vice-president; Eugene H. Blount, cashier (temporary); directors, E. A. Blount, W. H. Gray, H. V. Fall, H. B. Fall and Dr. Ellis Most.

Grapeland, Tex.—State Bank of Grapeland. James McLean, president; ex-Governor T. M. Campbell, vice-president; M. R. Brock, cashier.

Mission, Tex.—First National. J. C. Hadison, Albert Sammons, C. P. Wright, S. J. Smallwood, Ed Nicholson and Charles Volz.

Checotah, Okla.—Commercial National. Capital, \$50,000. J. V. Holt is president; W. T. Miller, vice-president; A. O. Johnson, cashier, and H. L. Wood, assistant cashier. It is a conversion of the Commercial Bank.

Tribbey, Okla.—A new bank is reported formed by E. M. Abernathy, Charles Greenmore, O. B. Arent and O. L. Beckner.

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JAMES M. SCHOONMAKER, <i>Vice Pres.</i>	WILLIAM I. BERRYMAN, <i>Trust Officer</i>

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John B. Finley	J. Marshall Lockhart	David E. Park
Henry C. Fownes	Thomas Lynch	Henry Phipps
William N. Frew	Andrew W. Mellon	Henry R. Rea
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Philander C. Knox		George E. Shaw

Capital and Surplus **Twenty Nine Million Dollars**

Franklin National Bank

Capital
\$1,000,000

Surplus and
Undivided Profits
\$2,822,000



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Continued in the interests of its depositors, stockholders
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Cashier

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Asst. Cashier

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Capital and Surplus, \$1,000,000

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LAURENCE D. RUMSEY, Vice-Pres't

JOHN L. DANIELS, Cashier
RALPH CROY, Asst. Cashier

Seattle Bank Manager Resigns.

James P. Gleason, of the American Savings Bank & Trust Company of Seattle, has resigned as manager, but will continue as third vice-president. C. K. Betts, cashier, is in charge of the bank during President James A. Murray's absence.

Capital of Montana Bank Increased.

It is reported that the stockholders of the Yellowstone National Bank of Billings, Mont., have voted to increase the capital of their institution from \$50,000 to \$100,000 and to create a surplus of \$50,000. M. D. Thatcher, president of the First National Bank of Pueblo, Col., has become a stockholder in the Yellowstone National, having, it is reported, purchased the stock formerly held by the Peter Larsen Estate. No change has occurred in the officers or directors of the Yellowstone National, of which A. L. Babcock is president.

H. N. Tinker Locates in Seattle.

H. N. Tinker, formerly president of the Bankers' Trust Company of Houston, Tex., has located in Seattle, and, following the purchase of a block of stock in the Citizens' National Bank of that city, has been elected vice-president of the bank. The Citizens' National was formed early in 1910 as successor to the business of H. O. Shuey & Co. H. O. Shuey is its president, Franklin Shuey is cashier and E. W. Campbell is assistant cashier.

Night and Day Bank of Los Angeles Increases Capital.

W. H. Joyce has been elected vice-president of the Night and Day Bank of Los Angeles. The directors also voted to in-

crease the capital stock of the institution from \$140,000 to \$200,000, which stock was immediately subscribed for. The bank has just removed its safe deposit quarters to the building vacated by the Los Angeles Trust & Savings Bank.

Railroad Wizard a Director Fort Dearborn National Bank, Chicago.

Edwin Hawley, of the Minneapolis & St. Louis R. R., the Missouri Kansas & Texas Railway, etc., etc., has been elected a director of the Fort Dearborn National Bank of Chicago.

Banks United as the Security Bank of New York.

Shareholders of the Twelfth Ward, Nineteenth Ward and Fourteenth Street Banks, held special meetings August 21 and approved the merger of their institutions into a new bank, to be known as the Security Bank.

As a preliminary to the final consolidation, stockholders of the Fourteenth Street Bank reduced their capital stock from \$1,000,000 to \$750,000, transferring the reduction to the surplus account. Following this action, they increased the stock from \$750,000 to \$1,000,000. The new stock has all been underwritten, but stockholders will

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be given the first opportunity to purchase it.

The board of directors of the Fourteenth Street Bank was increased from fifteen to seventeen members. It is understood that Bradley Martin, Jr., now president of the Nineteenth Ward Bank, will be one of the two new directors.

The Security Bank will have a capital of \$1,000,000, surplus of \$500,000 and deposits of about \$15,000,000. R. Ross Appleton, now president of the Fourteenth Street Bank, will be head of the new institution, which will have branches in those districts now covered by the Fourteenth Street, Twelfth Ward and Nineteenth Ward Banks.

New Bank in Chicago.

A permit to organize the All Night and Day Bank of Chicago was issued by State Auditor McCullough on August 10. The institution is to have a capital of \$200,000. Sidney M. Johnson, John A. Armbruster and John O. Monroe are interested in the venture.

Federal National Bank of Denver.

The Federal National Bank of Denver has been granted a charter by the comptroller of the currency. The new institution, located at Seventeenth and California streets, was formerly the Federal State and Savings Bank. Its new charter makes it the eighth national bank in Denver.

The directors of the bank approved and ratified on July 1 an increase of the bank's capital stock to \$200,000, which was subscribed by its stockholders. The new charter was sought to broaden the field of the bank's operations and enable it to accept business which did not come within its scope as a savings bank. No change will be made in the system of the bank, and its commercial, savings, investment, bond and safe deposit departments will be maintained as heretofore.

The bank was organized two and a half years ago by W. T. Ravenscroft, who continues as president of the new institution. The other officers are: A. J. Bromfield, vice-president; J. Mignolet, cashier; C. A. Root, assistant cashier; John A. McMullin, manager of the bond department. The directors are: Joel F. Vaile, R. H. McMann, A. J. Bromfield, W. T. Ravenscroft, J. Mignolet and L. B. Bromfield. The bank becomes a member of the Denver Clearing-House Association.

Memphis Bank Elects New President.

John T. Willingham, president of the Memphis Coffin Company, has been elected president of the National City Bank of Memphis, Tenn., succeeding H. H. Crosby, resigned. Mr. Crosby will continue as a director and member of the executive committee, but retires from the executive direction of the bank to devote his entire time to his interests in the firm of Riechman & Crosby. The new president has been actively connected with the National City Bank since its organization in 1908.

Oklahoma Bank Never Closed.

With regard to a statement that the bank guaranty fund of Oklahoma had suffered through the closing of the Night and Day Bank of Oklahoma City, the *Oklahoman* says:

"The Night and Day Bank was never closed by the banking board and has at all times been under the nominal control of its stockholders, but the statement shows that \$351,201.60 was paid out by the banking board on behalf of the bank, including \$106,431.21 in cash and \$244,788.36 in warrants. The board is still carrying assets of the bank to the face value of \$432,619.04, which are carried as of the value of \$244,788.36, the amount for which warrants were issued. All of the connections of the State

Send for a Copy of This Article

DEVELOPMENT OF A SPECIALIZED BANK EQUIPMENT SERVICE

APPORTIONING NEW OR REMODELED BANKING OFFICES
TO FACILITATE THE WORK OF THE BANK AND
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By Thomas Bruce Boyd, Bank Equipment Specialist

*Reprinted from The Bankers Magazine
August, 1911*

READ WHAT THE BANKERS MAGAZINE EDITOR HAS TO SAY

Bankers who realize the importance of securing the best possible arrangement of their banking rooms should not fail to read the article written specially for THE BANKERS MAGAZINE by Thomas Bruce Boyd, bank equipment specialist. Mr. Boyd has been employed by some of the largest banks in the country to systematize and lay out their banking rooms. What he has to say is spoken with an authority based on many years' experience in the profession of which he is one of the recognized leaders.—[EDITOR]

THOMAS BRUCE BOYD

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The Merchants-Laclede National Bank

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Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,850,000.00

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Pres. Polar Wave Ice & Fuel Co.

banking board with the Night and Day Bank were prior to the recent change of management, when J. L. Wilkin took charge of the bank. All new capital was put into the bank at that time and the old assets liquidated."

The Night and Day Bank was organized in February, 1909; the change in its management took place in June, when its entire capital stock was purchased by J. L. Wilkin, formerly vice-president of the State National Bank of Oklahoma City. At the

time of the transfer it was stated that Mr. Wilkin had arranged to put \$50,000 cash into the capital of the institution.

It is stated that the Planters' and Mechanics' Bank was also formally taken over and liquidated by the board, the report indicating that \$208,358 was paid out to its depositors, while \$84,409 has been received from collections. The *Oklahoman* adds that "no assets of the bank are listed among the assets of the board, and it is understood that this represents the final liquidation of the bank, although suits are still pending against some of the stockholders on their double liability. This would make the total loss to the guaranty fund on that bank \$123,948.98." The settlement of the affairs of other State banks called for an expenditure of \$150,057.34. The total collections for the fund during the period covered by the report are given as \$503,623.13, but only \$33,982.73, it is said, remained as cash on hand July 1, as compared with \$29,000 on April 5.

New Vice-President in First National Bank of Baltimore.

The directors of the First National Bank of Baltimore, Md., have elected Blanchard Randall vice-president of the institution, to succeed the late Joseph R. Foard.



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Capital - - - - - \$300,000.00
Surplus and Profits - - - - - 375,000.00
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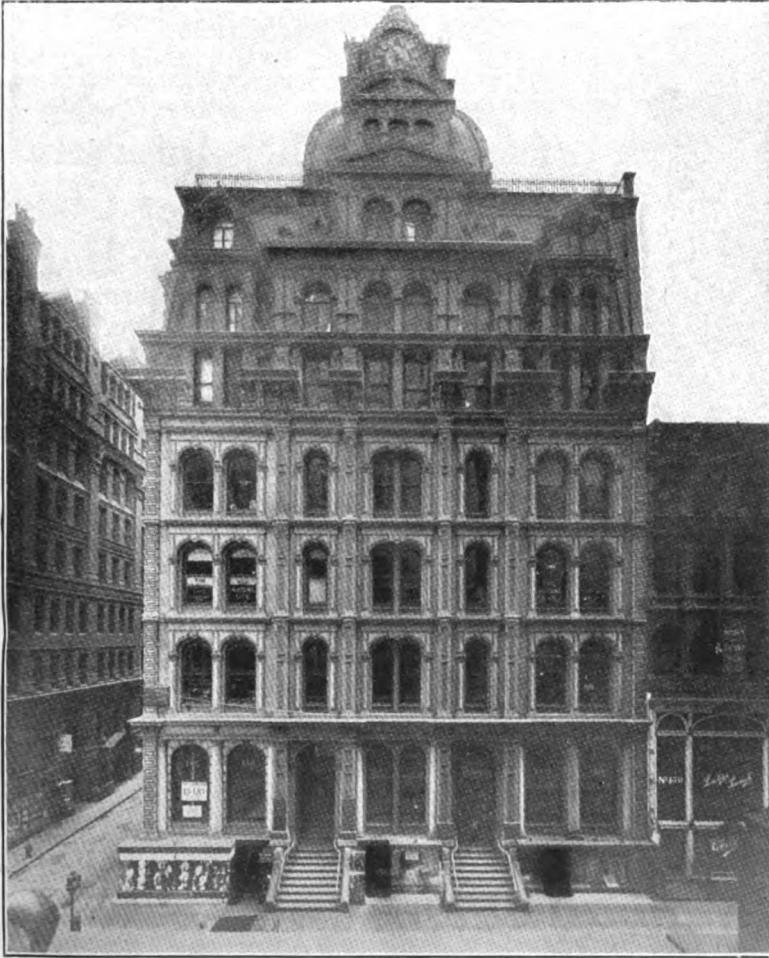
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New York Landmark to Go.

The big marble and granite structure known as the "Old" Mutual Life Building, on the southeast corner of Broadway and Liberty street, New York City, is being demolished by house wreckers to make way for the new home of the Guaranty Trust Company of New York.

The old building was erected by the Mutual Life Insurance Company during the Civil War, in 1864, and is one of the few remaining land marks on lower Broadway.

It is but a stone's throw from the historical Trinity Church and diagonally across the corner from the lofty Singer Tower. At the time of its erection it was known as one of the handsomest and costliest buildings in New York City. The Mutual Life Insurance Company occupied it until 1881, when their present building on Nassau street was erected.

The property was purchased a few weeks ago by the Guaranty Trust Company of New York and the purchase price is said



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OF RICHMOND, VIRGINIA

**BILL OF
LADING DRAFTS
ON RICHMOND A SPECIALTY**

to have been nearly \$2,000,000. This is at the rate of about \$175 a square foot.

The new home of the Guaranty Trust Company will be four stories in height, rising from the sidewalk about 120 feet, and will be for the exclusive use of that institution. Its main banking room will, with one exception, be the largest in New York City. It is expected that the building will be completed in the summer of 1912.

Director Added to Whitney-Central National Bank of New Orleans.

Judge Thomas J. Freeman has been elected a director of the Whitney-Central National Bank and its affiliated Whitney Central Trust and Savings Company of New Orleans, and also made a member of the bank's executive committee. Judge Freeman is first vice-president of the Texas & Pacific Railroad and receiver of the International & Great Northern Railroad.

Indiana Bankers Choose Emblem.

Secretary Andrew Smith, of the Indiana Bankers' Association, has chosen a fine, embossed Indian head, bearing the monogram of the State association, for an official emblem. In case of convention use, the name of the convention town will be used also. Buttons of the new order will be used first at the Indianapolis convention, October 25-26, and all who attend the New Orleans convention will be decorated.

Security Bank, Chicago.

William J. Lawler, formerly connected with the credit department of the First National of Chicago, has been elected acting president of the Security Bank. Mr. Lawler succeeds the late E. A. Erickson, and his appointment to the acting presidency became necessary to carry on the work of organizing the new Second Security Bank.

New Wisconsin Bank Head.

Announcement has been made that Frank Pierce of Durand has accepted the presidency of the First National Bank of Menomonie, Wis., to fill the vacancy caused by the death of Senator James H. Stout last December. Mr. Pierce has for some years been cashier of the bank of Durand. He has filled the offices of vice-president, secretary and treasurer of Group I of the Wisconsin Bankers' Association, and also the treasurership of the State association.

Minneapolis Bank Enlarges Building.

The Metropolitan National of Minneapolis has enlarged its banking space, taking about one-third more room. When the bank

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NATIONAL BANK

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DIRECTORS

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merged the Germania Bank it was realized that additional room was necessary. In fact it had been needed before this merger, but was much more needed after. The bank had made arrangements for additional room, but could not get possession for several months. The required alterations have been under way and the new quarters are now occupied.

largest of any bank in that section of the country, and under its new charter will greatly extend its field of usefulness. The officers of the bank are as follows: Wells Goodykoontz, president; E. F. Randolph, vice-president; R. B. Parrish, cashier, and C. A. Wright, assistant cashier.

Pittsburgh Capital in Trust Company.

At a meeting of the stockholders of the Crawford County Trust Company, Meadville, held August 11, a majority of the stock passed into the hands of E. W. Gill and his associates. James C. Chaplin of Pittsburgh has been named president and E. W. Gill, secretary-treasurer. The institution is capitalized at \$125,000.

Armour in Hibernian Banking Association of Chicago.

J. Ogden Armour has been elected a member of the board of directors of the Hibernian Banking Association, to fill a vacancy. George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, has been named chairman of the board. The stockholders of the Hibernian

West Virginia Bank Nationalizes and Changes Title.

The Mingo County Bank of Williamson, W. Va., announces its change of title and conversion into the National Bank of Commerce, Williamson, W. Va. The bank starts with a paid-in capital of \$100,000, the



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Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.**

WRITE

Bank have signed the trust agreement papers by which the deal between the institution and the Continental and Commercial National is finally closed.

Pasadena Bank Merger Effective.

The merger of the Crown City National, the Crown City Savings Bank and the American Bank and Trust Company, all of Pasadena, Cal., has been effected. The latter bank has turned over its commercial business to the Crown City National, receiving in return the savings business of the Crown City Savings Bank, and will in the future conduct a strictly savings bank business. It will henceforth be known as the Crown City Savings Bank. J. B. Coulston is to be president of the Crown City National under the new arrangement, and W. H. Hubbard will head the Crown City Savings.

Bowling Green Trust Company Opens.

Another new bank in Kentucky is the Bowling Green Trust Company, which has a capitalization of \$30,000. It began business in the Warren County capital several weeks ago, and has reported a satisfactory volume of business. Robert Rodes, Jr., is president; Max B. Nahm, vice-president, and J. M. Ramsey, secretary and treasurer.

Another Bank Opens in Chicago.

Advices from Chicago announce the opening of the newly organized Austin Avenue Trust and Savings Bank at Oak Park. The new institution starts business with \$100,000 capital and a paid-in surplus of \$5,000. The officers are: Henry Pillinger, president; Edward Cornwell and William A. Pillinger, vice-presidents, and Harold R. Pillinger, cashier. The directors are: Edwin F. Brown, chairman; Charles Schroeder, James H. Ross, Stephen Pillinger, John E. Decker, and all the above-named officers.

New York Trust Companies Combined.

Stockholders of the Bankers' Trust Company of New York, which has increased its capital stock from \$3,000,000 to \$5,000,000, for the purpose of carrying out the proposed merger with the Mercantile Trust Company, met August 9 and ratified the consolidation. The board of directors of the Bankers' Trust Company was increased by two members, W. C. Poillon, president of the Mercantile Trust Company, and Ru-



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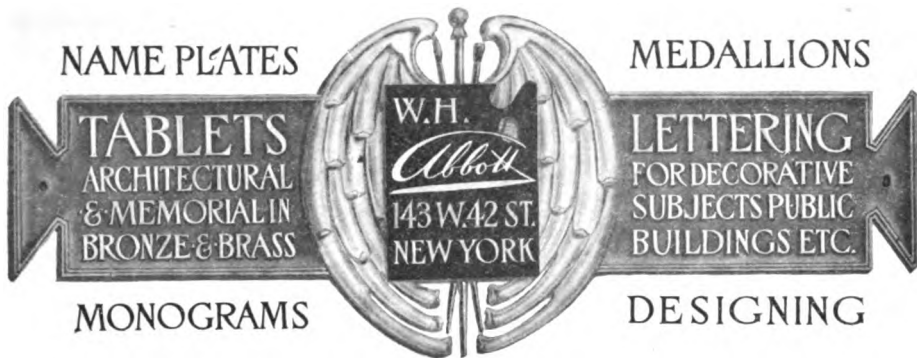
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dolph Ellis, president of the Fidelity Trust Company of Philadelphia. Otherwise the Bankers' Trust board remains as before the merger. Mr. Poillon was elected a vice-president and George W. Benton was elected treasurer, succeeding H. W. Donovan.

The Mercantile Trust Company was owned by the Equitable Life Assurance Society until a month or so ago, when 12,911 shares were sold to a group of men affiliated with the Bankers' Trust Company. The Equitable received \$730 a share and the current quarterly dividend of \$10, for its holdings.

Under the terms of the merger the Mercantile stockholders receive a cash dividend of \$50 a share and the privilege of exchanging their holdings, share for share, for Bankers' Trust stock. The merger will make the Bankers' Trust Company one of the largest in the country in point of deposits.

It is closely associated with the Morgan interests. At the close of last week the Bankers' Trust Company showed average deposits of \$68,000,000 and the Mercantile Trust of \$35,000,000. The Mercantile's name will be continued, as will its present offices at 120 Broadway, under the title Mercantile Branch of the Bankers' Trust Company. Notices have been sent out that on and after August 11 all checks drawn on the Mercantile Trust Company will be paid through the clearings by the Bankers' Trust Company.

New State Bank Opens in Tyler, Texas.

Capitalized for \$100,000, the State Bank and Trust Company of Tyler, Tex., has opened for business with the following officers and directors: President, J. T. McCarthy; vice-president, S. D. Reaves; cashier, George C. Ingraham. Directors: R. D. Irion, J. T. McCarthy, George C. Ingraham, S. D. Reaves, J. F. Christian, Harry McKay of Tyler; George W. Duke, Shreveport, La., and I. H. Kempner, president of the Texas Bank and Trust Company, Galveston; president of the Galveston Cotton Exchange and Board of Trade, and a di-

rector of the Gulf, Colorado & Santa Fe Railroad.

The president, J. T. McCarthy, is a native of Texas. He was born in Galveston, January 3, 1869, and began his banking experi-



J. T. MCCARTHY

PRESIDENT STATE BANK AND TRUST COMPANY,
TYLER, TEX.

ence October 9, 1882, as office boy in the Island City Savings Bank, which afterwards changed its name to the Texas Bank and Trust Company.

On July 15, 1908, Mr. McCarthy resigned his position as cashier of the Texas Bank and Trust Company of Galveston, to assume the cashiership of the Merchants National Bank of Houston, at which time he

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purchased a large block of stock in the Merchants National Bank. At the time he assumed the cashiership of the Merchants National Bank the deposits were \$990,000. By November 27, 1908, the deposits had grown to \$2,051,000, and on December 31, 1909, had reached the handsome sum of \$2,902,000. During the eighteen months that Mr. McCarthy was connected with the Merchants National Bank it paid three semi-annual dividends of five per cent. each and increased its undivided profits from \$15,000 to \$24,000, having in the meantime reduced its banking house and fixtures more than \$10,000. In March, 1910, Mr. McCar-

thy sold his holdings in the Merchants National Bank, and shortly after he resigned as cashier of the Merchants National Bank it was consolidated with the Union Bank and Trust Company. In September, 1910, Mr. McCarthy engaged in the brokerage business for his own account, but his love for banking soon induced him to look for an inviting field to again engage in his former pursuit. After traveling considerably over the State of Texas, he concluded that Tyler offered a suitable field for his banking experience.

It is safe to predict assured success for the new Tyler bank, with a practical banker like Mr. McCarthy at its head.

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National Bank of Virginia

RICHMOND, VA.

Capital \$1,200,000.00
Surplus 600,000.00

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Accounts of Banks, Bankers, Corporations,
Firms and Individuals solicited on favorable
terms. Correspondence invited.

LARGEST CAPITAL
of Any Bank in Virginia

Erecting Bank Building in Greenpoint, New York.

The Greenpoint National Bank, Greenpoint, N. Y., has secured a charter to do business and will be housed in a new building by October 15. The Bankers' Building Bureau of New York is completing the interior work, which will be modern in every respect. The outfit will consist of a marble counter-front, marble wainscoting, bronze-top screen, and the trim throughout the room will be finely finished quartered oak.

Citizens Trust and Savings Bank of Los Angeles.

The Broadway Bank and Trust Company has been taken over by the Citizens National, and will hereafter operate as the Citizens Trust and Savings Bank of Los Angeles. The institution has a capital of \$500,000, and the officers are as follows: R. J. Waters, president; R. W. Kenny, Warren Gillelen, A. W. Redman and Charles G. Greene, vice-presidents; H. A. Kehler, cashier; M. N. Shedenhehn, assistant cashier; Roger M. Andrews, assistant to the president; directors, R. J. Waters, George W. Walker, J. Ross Clark, M. J. Connell, Warren Gillelen, Dr. W. W. Beckett, Ben Williams, A. J.

Capital - \$2,500,000.00

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The combined resources of the Citizens National and the Citizens Trust and Savings are nearly \$15,000,000.

Chicago Bank Will Extend Quarters.

The Continental and Commercial Trust and Savings Bank of Chicago have found it necessary, on account of the growth in their business, to enlarge their quarters, and have taken additional space on the Clark street side of the Commercial National Bank Building. This gives them another direct entrance on Clark street. The new room is occupied almost entirely by the bond department and officers' quarters. The whole working space is now laid out so as to afford the greatest degree of convenience and comfort to the customers of the savings, bond and trust departments, and there is an entrance from the lobby of the building to each department.

John Perrin, Indianapolis Banker, Severs Connections.

John Perrin, chairman of board at the Fletcher-American National Bank of Indianapolis, Ind., and, previous to the big bank merger last fall, president of the old American National Bank, has announced his in-

tention to withdraw as an active figure at the new bank and to establish his residence in California. The severance of Mr. Perrin's relations as an official at the bank will occur at his option before the close of the present year. The board agreed to his retirement, and it is understood that no one will be selected to fill the gap created by his leaving.

Mr. Perrin, commenting on his action after the meeting, stated that his withdrawal is merely a part of the programme

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he mapped out a year ago when negotiations first were opened for the consolidation of the banks. He had not decided definitely as to his future course, other than that he is to take a prolonged rest. Expressions of regret over his prospective departure were heard from President Stoughton A. Fletcher and practically every member of the board. Mr. Perrin's statement, a detailed one, traced the career of the bank before the merger, and also the advancement made following the merger. He said he was loath to leave such congenial associations, but that, as his family had established a home in California, and because he wished more nearly to retire from business, he had decided to join them there.

Harry A. Schlotzhauser has resigned as cashier of the Fletcher-American National Bank and has been succeeded by Ralph K. Smith, who has been associated with the Fletcher Bank for twenty-eight years and entered the Fletcher-American National Bank when the two banks consolidated.

Mr. Schlotzhauser's service in the banking business has been almost as long. He began with the Indiana National Bank, where he was receiving teller, leaving that position ten years ago to become cashier of

the American National Bank, continuing in the latter situation until his resignation from the consolidated banks.

New Jersey Has New Trust Company.

The Farmers' Trust Company of Mount Holly, N. J., is authorized to begin business with a capital of \$200,000, the entire issue being subscribed for by Joseph C. Kingston, Edward D. Stokes, R. C. Barrington, John B. Davis and Charles Ewan Merritt of Mount Holly, N. J., who, with Joseph J. White of New Lisbon and Robert W. Carter of Jobstown, N. J., are the incorporators and directors.

Old Colony Trust Company of Boston to Increase Capital.

The Old Colony Trust Company directors will recommend to the stockholders that the present capital stock of \$2,500,000 be increased to \$7,500,000, one-half of the increase to be made shortly, bringing the outstanding capital stock to \$5,000,000. This plan does not mean that any additional

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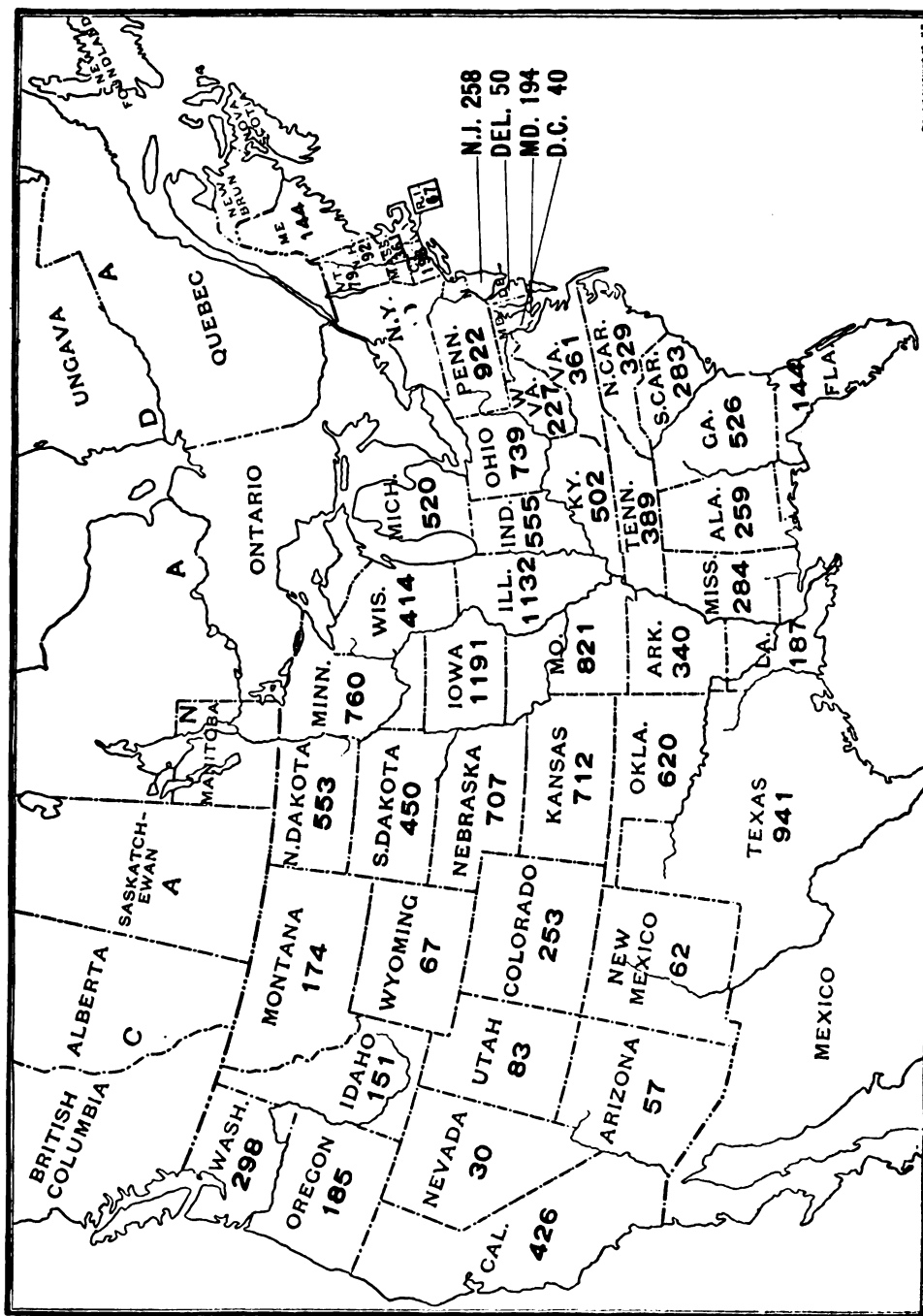
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OF THE

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In this day of short-lived publications, we believe that a record of sixty-five years of steady growth on the part of a magazine is an achievement well worth marking in a special way.

While our Sixty-fifth Anniversary Number, in addition to the many excellent regular features of the magazine, will contain several strong and interesting special articles, it will not be overloaded as special issues so often are.

One of the principal purposes of this anniversary number will be to call the attention of the bankers of the United States to what the magazine is doing (1) for sound currency, sound banking and sound finance ; (2) and in pointing out to banks ways for insuring greater economy and efficiency in management and in adding to their business and profits.

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Gold Production and Future Prices

By
Harrison H. Brace, LL.M.

This book is being very favorably received by the press and by students of finance everywhere, who recognize it as an able discussion of the question of gold production and other causes of price changes with a view to making the best possible estimate of the future of prices.

The following are a few Comments

The author of this monograph has given his readers a brief, logical and interesting analysis of his subject—*Annals of American Academy of Political and Social Science.*

Mr. Brace approaches the question in a dispassionate and judicial fashion. His book is a wonderful example of close and splendidly co-ordinated reasoning.—*Rochester Post Express.*

A timely inquiry into the increased production of gold and its effect on prices, past, present and prospective.—*Wall Street Journal.*

A careful study of the theme. It presents in condensed form a great mass of data which must prove of value to the student of prices.—*St. Paul Pioneer Press.*

Brace has evidently read the literature on the subject quite thoroughly and has given intelligent consideration to all of the important factors in the problem. I think his conclusions are sound and that the whole discussion is admirably done.—*George E. Roberts, Director of the Mint.*

A balanced and scientific study of a present economic question of considerable human interest.—*Boston Transcript.*

An illuminating discussion of the gold question, both as to past and future.—*Minneapolis Journal.*

It is a distinct contribution to the literature of prices and gold production.—*Alumni Weekly, University of Minnesota.*

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capital will be put into the company, but is in effect a rearrangement by which part of the present surplus of \$10,000,000 will take the form of capital stock, by means of what is virtually a "stock dividend" to the present shareholders. The directors propose to declare a cash dividend of \$100 per share and to give shareholders a right to apply this dividend to the purchaser, at par, \$100, of additional stock equal to that which they now hold. Later on practically the same process may be employed to increase the capital up to the full amount of \$7,500,000, but it is stated that such action is not contemplated at present.

The Old Colony Trust Company has now a capital stock of \$2,500,000, surplus of \$10,000,000, and undivided profits as last reported of \$942,860. The last price quoted for the stock was \$700 a share, compared with a par value of \$100. Recent private sales are reported at \$750.

The action now proposed is one step in the merger which for most purposes took effect on February 19, 1910, on which date the Old Colony Trust Company assumed the deposit of liabilities of the City Trust Company, having issued \$900,000 of its stock in exchange for the \$1,500,000 of stock of the City Trust Company. In addition, stock to the amount of \$100,000 was sold, bringing the capitalization up to \$2,500,000. The City Trust Company, previous to the merger, had a surplus of \$2,500,000 and undivided profits of approximately \$725,000, all of which went to the Old Colony.

The City Trust Company had previously absorbed the Mercantile, and with it the Massachusetts Trust Company, but up to this time all three, through the successive mergers, have retained their corporate existence under the old names. The last Legislature authorized a change in the names of all the merged companies to the Old Colony Trust Company, for greater convenience in handling their affairs. The same act also authorized an increase in the Old Colony Trust Company's capital stock to \$7,500,-

000, this to be the combined capital stock of all the companies. The former authorized issue was \$3,000,000, with only \$2,500,000 actually issued. This amount has been deemed too small for the present size of the company and its business, and consequently the directors have decided upon an immediate increase to \$5,000,000, which, however, as explained, does not require any additional investment by the stockholders.

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The increase in the capital stock of the Atlantic National Bank, of Providence, R. I., which was voted July 29, has all been paid in and the Comptroller of the Currency has issued his certificate of approval.

The new stock was taken by the old stockholders with the exception of two or three small lots, aggregating less than fifty shares, which indicated a very satisfactory feeling toward the management.

This increase gives the bank a capital of \$300,000, with a surplus and profits of \$175,000, and will better enable them to care for the new business which is constantly coming.

Edward P. Metcalf is president and Frank W. Peabody is cashier.

CANADIAN NOTES

Manager for Canada's New Bank.

J. Godfrey Bird, manager of the Bank of Toronto Board of Trade branch and Point St. Charles sub-branch, Montreal, has been appointed general manager of the Banque Internationale du Canada, the new bank promoted by Mr. Rudolphe Forget.

Sterling Bank's Capital Increased.

It is formally announced that the capital stock of the Sterling Bank (headquarters, Toronto, Canada) will be increased by \$1,000,000. The bank has a capital of \$944,632. The new stock was offered to shareholders on the 7th inst. This institution, established in 1905, has a reserve fund of \$281,617 and \$4,992,000 deposits. G. T.

Proposals for Banking Reform

Professor O. M. W. SPRAGUE, Assistant Professor of Banking and Finance in Harvard University and a well-known authority in his field, has written a book on

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Somers is president; W. K. George, vice-president; W. Van Allen, cashier; F. W. Broughall, general manager, and E. C. Lindsay, acting manager.

Merchants Bank of Canada.

The Merchants Bank of Canada (head office, Montreal) has increased its dividend from nine to ten per cent. per annum. During the last half of 1910 the bank raised the dividend rate from an eight to a nine per cent. basis. As stated January 21, 1911, the net profits of the bank exceeded a million dollars for 1910. The statement for November 30, 1910, reported \$1,057,140 net profits, as against \$831,159 the year before and \$738,597 for the year ending November 30, 1908. Deposits at call increased from \$19,220,454 to \$21,457,952 and deposits subject to notice from \$28,987,961 to \$32,633,323, while total assets increased from \$66,900,152 to \$71,600,059 between the years 1909 and 1910. The capital is \$6,000,000, and surplus and profits, \$4,900,000.

Northern Crown Bank.

For the half year ended June 30, 1911, the net profits of the Northern Crown Bank of Montreal, Canada, after deductions,

amounted to \$116,000, which is equal to 10.6 per cent. per annum upon the capital. The gross earnings are slightly less than for the corresponding period a year ago. The second half of the bank's year is generally the best from an earning standpoint, and it is very probable that by the end of the year the bank will show profits better than for 1910.

The profits and loss account shows a balance brought forward at the end of the year of \$170.49, with the profits added to this, a total of \$387,559 is obtained, which, after deducting the semi-annual July dividend at the rate of two and one-half per cent., amounting to \$55,185, a balance is left of \$232,373.

PASSING OF THE COUNTRY BANKER

THE passing away of the old country banker means that it is less easy to get credit on purely personal security than in the old days. A great centralized institution must necessarily lay down rules and to some extent standardize the conditions on which it will make advances against security.—*Economist, London.*

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THE BANKERS PUBLISHING COMPANY

253 Broadway, New York City

RHODE ISLAND SAVINGS INCREASE \$12,651,883.94 IN TWO YEARS

A STATEMENT of the condition of the savings banks and trust companies of the State of Rhode Island, issued by Bank Commissioner William P. Goodwin, shows

The following table shows the deposits in some of the larger savings banks and trust companies of Providence this year and last year:

	1910.	1911.
Union Trust Co. (all commercial deposits).....	\$ 5,273,780.52	\$ 6,186,291.86
Industrial Trust Co. (commercial and participation)	40,168,507.91	42,139,892.86
Slater Trust Co. of Pawtucket (commercial and participation)	8,104,777.93	8,824,891.68
Peoples Savings Bank	6,794,792.31	7,069,156.98
Citizens Savings Bank	10,173,994.51	10,543,641.31
Providence Institution for Savings	24,803,049.82	25,658,698.28
R. I. Hospital Trust Co. (commercial and participation)	38,159,048.66	39,926,867.46

an increase in savings and participation accounts of \$12,651,883.94 during the past two years.

Of this increase \$9,250,732.45 was in deposits in savings banks. The total amount on deposit in savings banks in the State on June 30, 1911, was \$74,620,142.36. On June 30, 1910, the amount was \$72,316,895.34. And on June 30, 1909, the amount was \$69,726,350.89.

The total amount on deposit in savings banks, trust companies and accounts on June 30, 1911, was \$178,117,563.07. On June 30, 1910, the deposits were \$171,695,122.34. And on June 30, 1909, the deposits were \$165,465,679.13.

The total amount of saving and participation accounts on June 30, 1911, was \$121,430,699.30.

On June 30, 1910, the amount was \$116,913,590.16.

And on June 30, 1909, the amount was \$112,173,966.85.

These latter figures are interesting as showing the drift back to savings accounts of the deposits which were withdrawn during the panic of 1907. In that year savings and participation deposits amounted to \$130,040,715.87. This year, as stated above, the amount is \$121,430,699.30.

ETHICS OF "TRUST BUSTING"

THE August market circular of Spencer Trask & Co. discusses the dominant phase of present politics, that of investigations, saying in part:

We are far from questioning the propriety of many of these investigations, but what we should like to know is what, in the last analysis, is their motive? If the Government has set itself to punish every individual or corporation who dares come to an agreement over prices with a rival, or, put in another way, if the Government insists on forcing competition between individuals or corporations whether they will it or not, then it would be well to know how far the law demands that this competition go. Is it to be just a nice, polite rivalry, such as exists between two gentlemen who meet in a bloodless duel and then consider their honor satisfied, or will the Government force these rivals into such a bloody battle that the field will be strewn with wrecks and even the victor left in an exhausted condition? We feel that these

are points which many of those politicians who talk so glibly of "busting the trusts" should seriously consider.

Fortunately the public seems to be realizing that these investigations are being made more particularly for the purpose of satisfying political exigencies and is coming to the conclusion that the revelations of corporate malfeasance dating back to years ago reflects past rather than present conditions, so that it is less ready to take fright and sell out security holdings. This is not only evident from the most casual observation, but is proved beyond question by the steady and notable increase in the shareholders' list of practically every one of our large railroad and industrial corporations. As this movement increases, and as large individual holdings give place to the "odd lot" buyer, the tendency will be towards de-popularizing the "trust busting" movement and will at the same time lead to a more ethical conception of business conduct and the rights of competitors.



**KNICKERBOCKER TRUST COMPANY BUILDING AT BROADWAY AND EXCHANGE PLACE,
NEW YORK CITY**

(For description see page 463)

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR

OCTOBER, 1911

VOLUME LXXXIII, NO. 4

INVESTIGATING THE ANTI-TRUST LAW

AT the special session of Congress a bill was introduced by Hon. MARTIN W. LITTLETON of New York, proposing to investigate the workings of the Sherman anti-trust law and the whole subject of the relation of corporations engaged in inter-State commerce. This investigation is to be carried on by a commission provided for in the bill, composed of fifteen members, five Senators, five Representatives and five persons not members of the Congress to be appointed by the President. Section 2 of the bill reads as follows:

"That it shall be the duty of the said industrial and corporate commission to inquire into the method by which industrial and corporate enterprises enter into and transact inter-State commerce and to report at the earliest date practicable what legislation is necessary to enable the Government of the United States to regulate, supervise and control the entry of and the transaction of business by industrial and corporate concerns engaged in inter-State commerce. That it shall be the duty of said industrial and corporate commission to inquire into the operation, influence and effect of an act of Congress, enacted July 2, 1890, and commonly known as the Sherman anti-trust law, and all other laws enacted by Congress affecting the growth, development and conduct of commercial and industrial enterprises doing or seeking to do an inter-State commerce business, and to

report to Congress at the earliest practicable date what amendment, changes or alterations are necessary or desirable."

The commission will be authorized to make a thorough examination of the corporation laws of foreign countries. It will also be empowered to send for persons and papers, to administer oaths and to summon and compel the attendance of witnesses.

The author of the bill thus explains its purpose:

"Aside from the question as to whether any or many concerns exist in violation of the Sherman anti-trust law is the main remedial question as to what is to be the future of legitimate industrial development. In other words, now that the law has been construed by the Supreme Court, is it a wise and wholesome law? Is it too weak to reach real offenders, or is it too drastic upon centralized industry? What is a lawful organization under the law? And is there any way to know whether it is violating the law until it is too late to escape disaster?

"The Sherman anti-trust law was enacted nearly a quarter of a century ago when modern industrial development was not foreseen or understood. It was probably the outcome of the crude and barbaric pooling agreements entered into to extort exorbitant prices and limit production. It was directed at these wicked agreements which were

gotten up in the dark, and secretly carried out to the injury and oppression of the competitor and consumer.

"The enlightened notions of open co-operation had not entered the heads of people at that time. The now fully recognized policy of publicity and Governmental supervision had not been considered, much less adopted. The combinations which it was intended to prevent or punish were a sort of commercial bandits, dividing their unlawful spoils under the provisions of indefensible contracts.

"At all events it was enacted at a time and under circumstances when the present industrial problems were not before the men who voted for it. Since that time we have seen an industrial revolution. We have seen all of the business of the country tied to or made dependent upon vast corporate organizations and the money of the country invested in them. Collective industry has spread over the whole country and business coöperation has taken the place of business warfare.

"The weapons of commercial and business warfare, like those of civil war, have grown so in number and so deadly in effect that coöperation, like arbitration, had to be resorted to in order to prevent great destruction. Under the pretence of this coöperation there have been many concerns organized and conducted to the injury of the country, just as there have been many more which were a benefit to the country.

"By far the most important question before the statesmanship of to-day is how to preserve the efficiency, economy and upbuilding influence of centralized industry and how to get rid of the evils and wrongs which in many instances are practised in the name of centralized liberty.

"As the law now stands the sole remedy is dissolution. But this leaves the small holder at the mercy of the

large holder. It does not cheapen the product to the consumer and it remains to be seen whether it will encourage new competition. The States are wholly unable to deal with the question as a whole and the remedy must be found in or made by the Federal Government. What shall the remedy be? Is the present remedy adequate, comprehensive and satisfactory? Does the Sherman anti-trust law really meet the situation as now presented?

"All of these questions are being asked and answered in various ways. It is my opinion that we are not dealing with the question intelligently and with courage. I think that Congress, as the legislative branch of the Government coming from the people periodically, should provide a joint committee by the Senate and House, to be known as an industrial committee, charged with the responsibility of taking up the Sherman law and thoroughly investigating its rights and range, its bearing upon all forms of industry. This committee should call before it the best informed men of the country, the most practical men, both from the side of capital and from the side of labor, and obtain all the facts and enlightened opinion on the subject. It should consult the methods of other countries, their experience and the results. It should focus the attention of intelligent public opinion upon the question for the purpose of gathering the ripest and wisest judgment of the country. This committee should then redraft the law in accordance with the soundest judgment, having in view the welfare of all classes, and submit this draft to the Senate and the House for their action.

"We cannot evade this important question; we ought not to wish to evade it. The wellbeing of the whole country depends upon it and it is the highest test of patriotism and courage to deal squarely and resolutely with it."

Clearly, there are grave doubts in

the minds of the most thoughtful business men as to whether the Sherman law, if rigorously enforced, will not result in permanent harm to enterprises which the law was not designed to reach.

The business of the country must not be subjected to the continued uncertainty that will prevail if the present policy is continued. Conditions have changed, as Mr. LITTLETON says, since the law was enacted, and it would seem to be wise carefully to investigate conditions as they now are with a view to ascertaining whether the law should be modified.

It is not necessary to make any concessions to whatever high-handed practices the trusts may be guilty of, but surely the country would be benefited vastly by a patient, orderly consideration of the whole corporation question, so that existing problems might be soberly dealt with in the steady light of intelligent information and reason, rather than by the flaming torch of prejudice and passion.

FINANCIAL PUBLICATIONS AND THE AMERICAN BANKERS' ASSOCIATION

ADDRESSING a State bankers' convention not long ago, Mr. F. O. WATTS, president of the American Bankers' Association, said:

"The association publishes what is known as the 'Journal,' giving official and legal information to its members. The volume alone is well worth what any member of the association pays for its membership, because of the information it contains. In this connection, I desire to say, gentlemen, and for the first time before any audience, that that journal is not intended in any way to supplant the other financial journals. I dare say that there is no banker having an ambition in his pro-

fession; no man desiring to keep abreast of the times in the banking business, who would think for one moment of allowing the 'Journal' of the association to take the place of the live financial journals, any more than you would expect the general counsel of the American Bankers' Association to take the place of and supplant your own counsel. It is not contemplated for a moment."

Probably not contemplated; but that it does supplant the other financial publications to a very harmful extent, no financial publisher doubts in the least. Nor do we doubt, either, that many a thrifty banker saves counsel fees by consulting the general counsel of the American Bankers' Association.

The gentlemen who manage the affairs of the American Bankers' Association probably have the right to use the association's funds in the publishing business.

Probably, also, if the bankers as an organization are to embark in the publishing business, the publishers of the financial journals may with equal propriety engage in the organization of a rival bankers' association, and there are plenty of bankers in the country who would welcome such a movement and would give it their practical support.

STUDYING THE COST OF COMMODITIES

AN investigation has been begun by the Department of Commerce and Labor for the purpose of finding out the cause of the present high prices of commodities. It is the especial aim of this investigation to ascertain the prices of farm products at the sources of their production and the respective additions to such prices on account of transportation charges and the profits of middlemen. It has been stated that the farmer gets about forty-six per cent. of

what is paid by the consumer, the remaining fifty-four per cent. going to the railroads and the middlemen, chiefly to the latter.

An investigation of this character may not only serve to show who is getting the consumer's money, but it may establish facts that will lead ultimately to a more economical distribution of commodities of all kinds.

Everybody denounces the trusts as the fathers of high prices. The farmers are not, as a rule, organized to keep up the prices of their products, yet the things produced on the farm have advanced perhaps even more rapidly than the things manufactured by the trusts.

One thing would seem to be clear: if the farmers were getting anything like the prices charged consumers for their products, everybody would be rushing to the farms for the sake of the enormous profits to be made. We suspect, however, that the Government's investigation will show that the principal part of this high price of farm products comes from the profits tacked on while such products are on their way from the farm to the consumer.

THE MAGICAL RESERVE ASSOCIATION

UNTIL now we had not guessed half the magical potentialities inherent in Mr. ALDRICH's proposed National Reserve Association. Under the illumination furnished by Professor J. LAURENCE LAUGHLIN the wonderful possibilities of this great scheme are revealed with startling effect. Here is what the Professor says, discussing the operations of the Reserve Association at a time when panic threatened:

"In such a threatening time as this, how would the National Reserve Association work? In brief, it offers a means by which a bank can provide itself with reserves through the use of

its own picked assets. By changing good assets into lawful reserves it can safely increase its loans to the immediate assistance of all legitimate borrowers. The process is easy to understand. The pith of the scheme is that a local bank, if it has good paper, can get it rediscounted at a branch of the National Association; then it can count this credit as a part of its reserves, or it can draw the notes of the National Reserve Association and count them in its reserves. That is, a bank can change one asset, the paper held in the loan item, into another asset, lawful money reserve, thus increase the ratio of its reserves to immediate liabilities, and thereby enable it to increase its loans."

And how is this change of "good assets into lawful reserves" to be effected? Why, by simply transferring the assets of the bank to the coffers of the Reserve Association. The picked assets in the hands of the local bank itself are not lawful reserves, of course. Ship them to the Reserve Association, and by this slight change of geographical situation a wonderful transformation takes place. That which was not a lawful money reserve but only an asset of the bank is changed at once into gold or lawful money—not actually, certainly, but theoretically.

This transformation process beats BRYAN's sixteen to one, JOHN LAW and all of the rest of the fiat money advocates. It is magic applied to monetary science.

Professor LAUGHLIN says that a bank can get its good paper "rediscounted at a branch of the National Association, can count this credit as a part of its reserves, or it can draw the notes of the National Reserve Association and count them in its reserves."

In either case it would be a building of one credit upon another.

Curiously enough, Professor LAUGHLIN's views are sent out by a concern

calling itself "The National Citizens' League for the Promotion of a Sound Banking System."

TOO MANY BANKS

WITH some 20,000 or more banks in the country there appears to be little likelihood that the people are in much danger of banking monopoly. Indeed, a great deal of unsound banking results from undue competition, from an effort of too many banks to get business, with the consequent disregard of sound banking principles.

It has been the policy of the present Comptroller of the Currency to refuse to charter national banks in communities where additional banking facilities were not needed, and this policy has been imitated in several of the States. In refusing to issue some State bank charters a short time ago, the Bank Commissioner of Kansas said:

"I believe that one of the greatest evils and most dangerous conditions in the banking world to-day is the indiscriminate granting of bank charters. A large per cent. of failures are brought about through unwise, loose, and uncalled-for organization of banks. In the past, charters have been granted indiscriminately to whoever might make application for them, regardless of the public's interest. A large number of these banks are organized and promoted for personal gain, and by men who wish to secure positions, rent buildings, borrow funds of the bank, or for other personal reasons. The proper organization of a bank in the first instance is more than half responsible for its ultimate success."

Of course, the exercise of such discretion by the Comptroller or by the State supervising officers may interfere to some extent with the freedom of banking which is supposed to prevail in this country. It has been part of our

public policy to make banking free to any one who would comply with the legal requirements for establishing a bank. But if, as the Bank Commissioner of Kansas says, the indiscriminate granting of bank charters has become a great evil and has led to dangerous conditions, the freedom of granting such charters should be restricted. The arbitrary refusal to grant a charter would probably be quickly shown and not sustained by public opinion.

The small bank has been a factor of immense importance in the upbuilding of the country. But even of a good thing there can be too much.

FORGED CERTIFIED CHECKS

EASTERN banks have been much annoyed lately by discovering that they have given up various amounts on forged checks which had been duly certified by some banks.

It appears that forgers have found out that, with some banks at least, there is less difficulty in getting a check certified than there is in getting it cashed. They therefore forge the signature of some large depositor, have the check certified and then deposit it in a bank in another part of the country, and in some instances manage to get the cash before the forgery comes to light.

One remedy proposed is that banks should be as careful in making certifications as they are in making payments, requiring satisfactory proof of identity in either case. The makers of rubber stamps used by banks in certifying checks should also exercise greater care in executing orders, being sure not only that such orders come from some one in the bank but from a duly authorized person.

In these times it is amazing to learn how readily some banks may be imposed on by strangers. What is to be

thought of a bank that opens an account with a man utterly unknown, permitting him to draw out cash against the deposit of a check, even though it is apparently certified. Surely, the proper management of a bank implies the exercise of a greater degree of prudence than this. And yet it is in just such a way that the forger is not infrequently able to "get away with the goods."

prices and do justice to the seller and consumer as long as the money trusts hold the country in their grip, and to add fuel to the flames like pouring gasoline over a fire to extinguish it, it is proposed to form a central national bank, the control of which by the money trust will place every private fortune or business concern in the power of the trust."

And then he declares that:

THE CURSE OF PROSPERITY

ONCE there were statesmen and economists who worried their brains over the curse of poverty and how to get rid of it. Even some ordinary citizens who were neither statesmen nor economists were compelled to do a lot of thinking about how to make both ends meet.

Happily, all these disturbing problems belong to a bygone and out-of-date era. Nobody worries about poverty now. The statesman and economist spend their waking hours and burn the midnight oil in devising new methods of removing from the people the burdens imposed by the curse of prosperity. Individuals, so rich that they need no longer work, have abundant time to write pamphlets advising a money-cursed world how to be virtuous and happy though rich.

One of these productions—a sample of many others—comes to us from St. Louis, and its author, Mr. LEONARD MATTHEWS, undoubtedly represents no inconsiderable portion of those who are blindly groping for a cure for prosperity.

Mr. MATTHEWS begins by saying:

"With the interlocking system now in vogue by having the same directors in the various banks, trust companies, factories, railroads and as members of Congress, as in many instances, it would be futile for the Government to try to regulate inter-State commerce and

possible to accumulate the immense fortunes we know of in the manner in which many of them have been amassed and that overreaching greed and cupidity should be checked, and we also know that proper initiative should not be checked, and that the problem of stifling the natural enterprise of our people and at the same time minimizing the evils which always result from prosperity, is one of the greatest problems of political economy, and one of the elements of a problem which must engage the attention of our people and can only be solved by exact thinking and acting accordingly.

"When property becomes of a public nature, and affects the interests of the masses, it becomes clothed with a public use and should be controlled for the benefit of the public.

"When supply and demand no longer regulate prices which are now dictated by selfish monopolies or money trusts, which cannot be controlled, then it is time to consider some mode to circumvent the monopolies in a manner to do the least injury possible to vested interests and on the principle that to cure a bite take a hair of the dog that bit you, the evolution of the proposed company came to the writer; i. e., cure monopoly by one great benevolent, almost automatic coöperative monopoly in place of the worst form of monopolistic tyranny we now suffer under. * * *

"Prevention is better than cure, and the only way to prevent the troubles

we are now laboring under is to allow but one business corporation and abolish all others and prevent the possibility of money trusts hereafter, and by a heavily graduated inheritance tax prevent transmissions of large sums to posterity.

"The writer proposes that Congress authorize a company to be formed with an unlimited capital for the purpose of doing a coöperative business, such as manufacturing all kinds of goods and wares and selling the same, and to do a general banking, insurance, railroad and public utility business."

That is, the evils incident to partial monopoly are to be eradicated by a resort to total monopoly!

Lest the proposed company should become immoral by paying too much profit, dividends are limited to six per cent.

Mr. MATTHEWS contends that his proposed company "would effectually regulate not only prices but almost automatically all evils and at the same time allowing highest prices for labor and farm products consistent with reason."

Happy prospect! And happy the people whose chief concern is "minimizing the evils which always result from prosperity."

A CHECK TO THE WAR SPIRIT

PROMINENCE has been given in the discussion of the Franco-German difficulties over Morocco to the financial disturbances caused by the possibility of an armed conflict between the two countries.

To an extent that has called forth the surprise and admiration of the world, the French Republic has come to be recognized as one of the foremost savers and lenders of capital. Germany, for a long period enjoying almost unexampled industrial activity,

has been quite naturally one of the most conspicuous borrowers in the French market. While the ease with which funds could be obtained in France has helped in the development of German industry, it has nevertheless placed the latter country in the more or less dependent position in which the borrower usually stands. Borrowing of a friend or of those who are indifferent to any considerations except those of security is quite a different matter from borrowing of an enemy who may demand payment in full at the most inopportune time solely for the purpose of causing embarrassment and distress.

But in the recent refusal of the Paris money market to renew loans at Berlin one need not look for motives of revenge. The French financiers were quite justified in taking the position they did solely on grounds of prudence. Under the disturbed political conditions the security offered might justly be regarded as inadequate. The consequences that followed the tightening of the French purse-strings were serious enough under the stress of the mere remote possibility of war, and something very closely approaching a financial panic was felt in the chief German financial centers. What the consequences would have been had war actually taken place may be imagined.

As the German contentions in Morocco were based entirely upon a desire to secure certain commercial advantages, the question naturally arises whether these advantages would be sufficient to offset the losses occasioned at home by war or the possibility of a fight. The minerals dug from the mines of Morocco may have been totally inadequate to pay for the harm caused to German industry by the destruction of confidence and the consequent withdrawal of loans by France and England.

Japan, in making war on Russia, did

not seek alone for the maintenance of commercial privileges, but believed that the existence of the nation itself was at stake. Nothing of the kind has entered into the Franco-German dispute over Morocco. It is purely a controversy over commercial advantages in a comparatively limited sphere.

War over business matters may be viewed from a business standpoint, and nations as well as individuals, firms or corporations are likely to consider, in such cases, whether the game is worth the candle.

FOREIGN BUSINESS FOR TRUST COMPANIES

PURSUANT to a law passed by the last session of the New York Legislature, specifically authorizing trust companies with a capital and surplus in excess of \$5,000,000 to maintain branches in foreign countries, the Farmers' Loan and Trust Company of New York has been authorized to open branches in London and Paris. The Equitable Trust Company was also given authority to open a Paris branch. The Guaranty Trust Company of New York has long successfully operated a London branch. These branches are subject to the inspection of the New York State Banking Department.

By the entrance of the trust companies into the foreign field, these institutions gain another advantage over the national banks, which are prohibited from having branches either in the city where located or elsewhere. But if the ALDRICH plan for establishing a National Reserve Association becomes a law, the national banks will be given substantially the same privileges in this respect as the New York trust companies now have.

If our banks extensively enter the foreign field—as we hope they may—it will be interesting to observe how

the invasion will be regarded by other countries.

It must be humiliating to some of the New York agencies of the great foreign banks that they are not permitted to receive deposits. Will not other countries be disposed to throw the same restrictions about the branches of our banks as we throw around theirs?

The competition flowing from the introduction of foreign banking capital here can hardly be otherwise than beneficial. While the foreign banks should be required to conform to regulations insuring safety, the prohibition against receiving deposits seems altogether unnecessary and unreasonable.

MAKING CHECKS EQUAL TO CASH

BANKERS, like other people, can not always immediately realize their ideals. But it is well to keep these ideals in mind as goals toward which steady progress should be made. An ideal solution of the country check problem, for example, is still far off, but that it is not entirely lost sight of may be seen from an article in a recent number of "The Bank Man," by JOHN COFER SHIRLEY, of the First National Bank of Chicago. After discussing some local problems concerning the handling of checks, Mr. SHIRLEY says:

"But there can be no doubt that the items should be cleared by some method. The same applies to out-of-town items. It now takes twice as long to realize on an outlying item as it ought—except in the case of a few banks which clear and pay in cash. In the same way it takes twice as long to realize on an out-of-town country item, as it ought. Every outlying bank should arrange to have items drawn on it paid the same day they are presented down town to the merchant or banker; that is, these items should be made as current and as

available as cash. In the same way every near-by country bank should have an agent in the city who will pay items drawn on it as cash. This would eliminate the question of exchange charges and interest deductions. Also, by thus making a check equal to cash, the use of checks would be enlarged, and the business of banking developed.

"But bankers take the opposite course. Not only do they fail to provide proper redemption facilities for their own paper, but they claim the right to make a charge for its redemption in the way of exchange. Checks are thus subject to a triple charge—an interest deduction, exchange by the issuing (drawee) bank and exchange by the purchasing bank—all of which is preposterous. The remedy for all this is a par clearance and a cash clearance. Let us have this at once."

A charge on checks is virtually a premium on currency. Perhaps the banker can not be blamed for more readily seeing the ten cents' profit he will make on exchange than the ten thousand dollars he might make by freeing checks of all these petty burdens. But is it not a short-sighted policy after all?

THE WAR ON BUSINESS

DOUBTLESS much impetus is given to the popular assault on large business corporations by the belief that in attacking these enterprises no one else will be hurt. This fallacy is entertained in certain editorial quarters, as may be seen from the following quotation from a recent issue of "The World's Work":

"Loose talk about a 'war on business' does more harm than any war that is waged. If great combinations like the Standard Oil Company and the American Tobacco Company are punished for violations of the anti-trust

law, what harm has that done to *your* business? Ask yourself if anybody is making war on *you*; and, when you hear any man talking loosely, ask him precisely what damage to *his* trade has been done by anybody?"

"Such direct and wholly honest consideration by every man of his own position would very quickly dispel such fear as exists."

Now, we believe that it is precisely because the average man thinks that his business is not injured by these assaults that makes the war on the trusts so popular. A great many people engaged in small enterprises hugely enjoy the spectacle of seeing the trusts assailed. They rejoice to see the Standard Oil Company brought low, never thinking that they themselves will suffer as much, if not more, in its downfall.

And yet no fact is more patent in the economic experience of the time than this: that you can not inflict serious or permanent injury on one branch of business without seriously and permanently injuring all branches.

Are we not a little in danger, in this country, of assuming an attitude of hostility toward wealth purely as wealth?

In one of the State papers of the late JAMES G. BLAINE this passage appears:

"It must be inexpressibly painful to the enlightened statesman of Great Britain, as well as of America, to see a discarded prejudice of the dark ages gravely revived at this day—to witness an attempt to base the policy of a great and sovereign State on the mistaken theory that thrift is a crime of which the unthrifty are the innocent victims, and that discontent and disaffection are to be diminished by increasing the causes from which they arise."

Are we not in danger of a tendency to base our governmental policy "on the mistaken theory that thrift is a crime?"

When it appeared that Mr. ROCKEFELLER was to be heavily fined, the public seemed highly pleased.

But suppose a like fine had been imposed on the labor unions, would it have been received with equal popularity?

And yet, even if all the allegations against the Standard Oil Company were true, perhaps it never pursued any more arbitrary methods in fixing prices or in restraining trade than the labor unions have done.

But in prosecuting the one offender there was popularity and political capital to be made and no such advantages in calling the other to account.

We are not maintaining that the great aggregations of capital, or trusts, are wholly beneficent or beneficent at all. They should be compelled to obey the law.

But against a spirit of vindictiveness toward wealth, and the mistaken notion that one portion of the community can be subjected to injurious assaults without harm to all, we do most earnestly protest.

The question, "Am I my brother's keeper?" asked so long ago, can be answered only affirmatively now.

A PEACE MOVEMENT ON PRACTICAL LINES

DELEGATES to the peace conference held at Berne, Switzerland, the past summer devised a plan that should have a far-reaching influence on the present world-wide movement in favor of a peaceful settlement of international disputes. This is simply to study the causes and consequences of war, and particularly the present economic interdependence of nations.

We have had quite lately a sharp illustration of the evils occasioned by mere rumors of war. The strained situation between France and Germany resulted in financial disturbances which

were not restricted to the two countries most directly concerned, but which spread to England and to this country.

A thorough, scientific investigation of all the causes and consequences of wars, as proposed by the Berne conference, should contribute materially to the promotion of peace.

HURTFUL TO BUSINESS

WHEN the editor of this MAGAZINE had the honor of addressing the Northern Bankers' Association at Portsmouth, New Hampshire, over a year ago, he chose for his subject, "The Perils of Unsound Legislation," and endeavored at that time to point out some of the harmful consequences that were sure to follow the attitude of legislators toward certain business problems. These predictions have been more than verified.

In a recent letter of one of the brokerage firms of New York, the following occurs:

"Passing from economic theories to perceptible facts, we find that for more than seven years in the United States the enterprise of large capitalists and the operations of great combinations in business have been steadily and increasingly assailed by Government and politicians. The result has been that the minds of the people have become embittered against all forms of business success to a dangerous and unsettling extent, and that some of the greatest of the corporations have finally been ordered disorganized and dismantled under penalty of receivership. The potential positions of these great engines of industry make their disintegration a matter of disturbance to the whole structure of commerce, and it is this, and the threatened dismemberment of other great industrial corporations, that makes a revival of business impossible and has induced some conservative

security holders to sell out their ownings. Meantime, the railroads have been subjected to reduction after reduction in rates, crippling their power of progress and minimizing their purchases. The general business of the whole country is thus depressed, because general business cannot prosper if the great enterprises of the country are languishing.

"Not one thing favorable to business has been inaugurated by Congress or the politicians in two years, and no sign is showing of anything better on the political horizon than a continuance of the war on business.

"Is there any wonder that capital has become timid and confidence has dwindled?"

And at the last annual convention of the Pennsylvania Bankers' Association, the president, Mr. WILLIAM A. LAW, said:

"The economic trend has been unmistakably toward larger corporate organizations. A decision may render illegal operations that are usual and customary at present, but it cannot restore the conditions of twenty years

ago. The immense quantity of new legislation possible under our dual form of government with frequent Congressional and legislative sessions, with State and national enactments often dangerously near encroaching one upon the other, makes it extremely difficult for a business man, even with the advice of able lawyers, to know the laws under which he is living, and in accordance with which he wishes to conduct his affairs. Commerce depends for its most successful exercise upon stability and definiteness in the laws governing its operations. We have been living in uncertainty, not only of the laws affecting the operation of mercantile concerns, but of the vital laws governing the organization of our largest and most important corporations."

And we believe that the business uncertainty will be aggravated by the speech made by the President at Detroit.

The country can in time adjust itself to whatever conditions may arise through the present political hostility to business, but the adjustment will be, unavoidably, a painful one.

THE ESSENTIALS IN GRANTING CREDIT*

By William H. Kniffin, Jr.

THE NATURE AND FUNCTIONS OF CREDIT

CREDIT is the life blood of business, one of the "essential elements" in banking and finance. Without it, the present high state of business would not have come to pass, nor could it long continue. Credit constructs railroads, opens mines, spans rivers, paves streets, improves farms, builds homes, moves the commerce of the country and wages war. "Credit,"

says Webster, "has done more a thousand times to enrich the nations than all the mines in the world."

Credit transfers large sums cheaply. It employs capital productively. It enlarges a man's earning powers, and through its use, the lender and borrower meet to their mutual profit. Credit is a far better instrument of production than an equal quantity of coined money; for while money is an indispensable denominator of prices, and the medium of the smaller exchanges,

* Awarded the Cannon Prize, May 11, 1911. New York Chapter American Institute of Banking.

credit is the instrument of larger exchanges, and larger production. Moreover, as an instrument, it is economically costless and not like money with a commodity value and expensive.

In political economy, credit is power to borrow; the ability to command capital. As nature abhors a vacuum, so capital abhors idleness, and it rapidly and automatically seeks profitable employment. Where the credit system is highly developed, active and profitable demand for capital exists. Where credit is undeveloped, we shall find business still in a crude state, wages small, and finances generally in an unsatisfactory condition.

In law, credit is the present right to a future payment; the right to demand something from some one at a stated time. Thus, when a bill of goods is sold, the legal title passes to the buyer, and the seller simply holds the *right* to collect the equivalent at the time and place appointed. He can re-take the goods only under certain conditions, and his principal right is one of settlement. He can sell this right and the holder in due course will have good title to this right of enforcement.

In banking and business, credit is the estimate of the ability and willingness of an individual, firm, or corporation to meet their business engagements. This estimate was formerly based chiefly upon, (1) Reputation; (2) Capital. But with the advent of the mercantile agency and the credit department, a more accurate and trustworthy basis of credit has been formed, thus: (A) A closer examination as to the character of the man and the business; (B) Total net worth, the element of contingent liabilities being given due consideration; (C) Other facts bearing upon the probability of the success or the failure of the enterprise.

The basis of all such credit is confidence. In fact, every modern financial system is built upon confidence, and our whole financial structure has become a system of credit clearings—a system of substituting the token of confidence for the payment in money. This confidence must not only assure

that a man is *willing*, but is also *able* to meet his engagements; not only *able*, but also *willing*.

THE ESSENTIALS OF A GOOD LOAN.

Good credit is the bed rock of business success; poor credit is the quicksand of disaster. As a general statement, that credit is good which is based upon an exchange of commodities. The only exceptions are those loans which are in the nature of an accommodation, and yet have behind them the strength and financial soundness of one whose name and credit standing are sufficient to offset the lack of an exchange in values.

It is no function of a bank to furnish its patrons with *permanent* working capital, and good banking credit is based upon loans made after due consideration of the borrower and his standing, and supported by collateral, whether pledged or not, that is subject to prompt and full liquidation. An authority on banking states that a well managed bank should have twenty per cent. of its investments in high grade securities; twenty per cent. in commercial paper which it is under no obligation to renew, and purchased in the open market; and sixty per cent. in loans to its customers.

The bank must meet its obligations as the merchant meets his—by the maturity of its credits; and the credit that does not promptly redeem itself is unsound. The greatest measure of safety in the credit system lies in the fact that no great part of the outstanding obligations will have to be met at any one time. Experience has proven this beyond peradventure, and when a quick demand for unusual redemption occurs, panic results and the credit system collapses. It is needless to add that good credit does not consist in the banker lending to himself. He cannot be a judge of his own affairs. The Comptroller of the Currency has digested the causes of failure of 418 banks, and finds that 214 were caused by excessive loans to officers and directors, fraudulent managements and embezzlement.

ELEMENTS OF SOUND CREDIT.

By weight of authority, it is conceded that in granting credit, three elements must be considered, namely:

(a) Character, (a) Reliability, (a) The man, (a) The moral risk; (b) Capacity, (b) Capability, (b) The methods, (b) The business risk; (c) Capital, (c) Resources, (c) The means, (c) The property risk.

Every application for credit does not possess all three, nor does it need to. But good credit, however, depends upon the *degree* in which these elements enter into the risk. The man with character, but no ability or capital, is doomed to failure. He has neither funds of his own nor the ability to safely use the funds of others. Good intentions never pay bills. He who has ability, but no character is a bad risk—he may use his ability to defraud. Lack of ability and capital accounts for three-fifths of the business failures. The business that “turns over” frequently can run with less capital than that which must be done on long credit. But even though his capital be small, the man with character and ability will be a safe risk. The ideal risk, however, is, adequate capital, unimpeachable character, and sound business methods.

THE MAN—THE MORAL RISK.

Character means more than mere honesty. It means habits, companionships, past record, antecedents. Business character is business reputation, built up by long years of fair dealing. The man who claims to be honest must prove his claim by squaring himself with the world and keeping himself so. In the cooperative credit banks of Europe, which have been eminently successful in the granting of credit, character is made the basis of all loans, and the losses have been remarkably few. While credit deals less with men than with things, the *man* must be analyzed as well as his possessions, for the statement, being a matter of honor (unless made by an independent audit)

must be characterized by good faith or it is worthless.

HIS METHODS—THE BUSINESS RISK.

It is not enough that a man be good—he must be good for *something*. We test his ability by the manner in which he conducts his business, and by the character of that business. Is it, first of all, a legitimate business and sound; or illegitimate and full of risk? Is it stable, or subject to sudden fluctuations—one that the whims of fashion may jeopardize over-night? Has the owner demonstrated his ability to manage a business; does he manage this one well? Has he built it up himself, or did he inherit it? Is he experienced or is he a novice? (Experience must precede the employment of capital, else the latter may be lost while the former is being acquired.) Is it well stocked and well located? Are the profits ample, and are the expenses reasonable? Does he grant credit with care, or indiscriminately? Does he over-buy, over-trade, over-trust? Is he prompt in his collections and prompt in his payments?

HIS RESOURCES—THE PROPERTY RISK.

Behind every good loan, there must ultimately be property, tangible and convertible into money without great cost and undue delay. It is not enough that there be stock—it must be salable and seasonable, and of such nature as to help, not hinder, the business. The *kind* is as essential as the *degree*. It is not enough that there be book accounts—they must be collectible. Many a man has failed with a fortune on his books. A large business does not necessarily mean a safe business,—its very largeness may carry it to destruction. Is the capital borrowed or inherited, and if so are there any “strings” to it? Is the capital ample? Will the lack of money make over-borrowing necessary, and burden the business with too heavy interest charges? It takes money to do business, and while a large amount of ready cash need not, and should not, be idle in the bank, it should be quickly

available by the maturity of obligations to meet current demands.

THE STATEMENT—THE BORROWER'S ESTIMATE OF HIMSELF.

Modern credit is based upon statements prepared with the end in view of showing the true condition of the business at a stated time. Unless made by an independent auditor who has no interest, aside from accuracy, it resolves itself into a man's estimate of himself. Its purpose is: To reduce losses; to minimize risks; to assist the worthy; to eliminate the unworthy.

The statement consists of two parts, (a) Assets (from the French "*Assez*," meaning "enough"), and (b) the Liabilities. After making due allowance for the shrinkage inevitable in all business, the assets must equal or exceed the liabilities or a state of insolvency exists.

The assets readily divide themselves into (1) Liquid or quick assets, such as cash on hand and in bank, securities, collectible book accounts, bills receivable, marketable merchandise, and any other resources that may be turned into money or used as security. (2) Fixed, or non-liquid assets, such as real estate, furniture and fixtures, machinery, horses and trucks, etc.

The question, therefore, to be decided in analyzing every statement is this: Is there *enough*? Not, *will* this man pay his obligations; but *can* he meet them as they fall due? Not, has he made money *in the past*; but will he continue to make money *in the future*? Is this a "going" concern and likely to continue so?

No two statements are alike and no general rule will apply to all; each application must be judged by itself. It is needless to say, however, that in granting credit, neither friendship, religion, politics, social or family ties, or sentiment, should play any part—simply the cold, critical, analytical judgment that comes from experience, observation, and study.

The *weakness of the statement* lies in the fact that the borrower is tempted to unduly *appreciate* his assets and

depreciate his liabilities. And it is the credit man's particular business to see that the assets are not unduly magnified. Current liabilities cannot be met from fixed investments such as real estate and machinery, and the burden of carrying the business falls upon the liquid assets, leaving it to the fixed assets to add strength and stability to the structure—backbone, as it were. Some credit men are of the opinion that the fixed assets should be eliminated from consideration entirely, while others hold that they should be scaled at least fifty per cent. from the borrower's figures, and then regarded as security only. But however this may be, if the fixed assets bear a large proportion to the liquid, they are an element of danger and tend to weakness; if small, they tend to strength.

Just the proper proportion of capital to volume of business; whether or not the business "turns over" promptly and profitably; whether accounts receivable are too large or too slow in maturing, can only be learned by experience. To correctly judge these elements in the granting of credit is to be a good credit man. And in passing upon credits, it must be realized that it is the business of the bank to loan money, and the credit that is refused because the application has been incorrectly analyzed has worked an injustice to the bank and perhaps an injury to the borrower. Profits arise solely from sound credits; losses from the unsound. The credit man must therefore play a double rôle: for the sake of his bank, and for the sake of the borrower, he must accept the good; and for the sake of his bank, irrespective of the borrower, he must reject the bad, and only training and experience can teach him to distinguish the one from the other.

1911 BANKERS' CONVENTION CALENDAR

ILLINOIS—October 11, 12, Springfield; Secretary, R. L. Crampton, Chicago.
AMERICAN BANKERS' ASSOCIATION—Week of Nov. 20, New Orleans, La.; Secretary, Frank E. Farnsworth, New York City.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

NEGOTIABLE INSTRUMENTS LAW

PROVISION IN NOTE FOR EXTENSION.

Supreme Court of Illinois, April 19, 1911.

SPITZEL ET AL VS. MILLER.

Provision in a note that, if not paid at maturity, the holder, at his option, may extend the time of payment, does not render the instrument non-negotiable, under the Negotiable Instruments Law.*

CARTER, J. (omitting part of the opinion): The original instrument sued on has been certified to this court. A printed blank prepared for the Stocking Trust & Savings Bank was used in making it. Everything is in print except the date, names, amount, time when payable and the rate of interest. The first part is printed in large type, and is the ordinary form of promissory note. A power of attorney to confess judgment follows in fine print, and thereafter, in like print, the following: "We also agree that in case said note is not paid at maturity, that it is at the option of the holder hereof to extend, as he deems proper, the payment of the above note, and that said extension shall not in any manner release one or either of us from the payment hereof."

It is urged that the quoted words render the instrument non-negotiable. This court has held that a promissory note "may be defined to be a written promise by one person to pay to another person therein named, or order, a fixed sum of money at all events and at a time specified therein, or at a time which must certainly arrive." (McClenathan vs. Davis, 243 Ill. 87.) This definition substantially meets the requirements of the negotiable instrument act of 1907. The contention that

said quoted words gave the holder the authority to extend the note as he pleased, that it could not be known what extensions he might grant, and that, therefore, the time when the note became due and payable was uncertain and indeterminate, rendering the note non-negotiable, cannot be sustained. The note expressly provides that such option to extend can be exercised only upon the failure of the payors to make payment at its maturity. The time of payment is certain. The note is dated February 22, 1908, and payable one year thereafter. After a note is due its negotiability, for all practical purposes, is at an end. In *Dorsey vs. Wolff*, 142 Ill. 589, it was held that a provision in a note that, if it was not paid when due and suit was brought thereon, the maker should pay an attorney's fee of ten per cent., recoverable either in such suit or a separate action, did not destroy the negotiability of the note, as it did not take effect until after maturity. Numerous authorities are cited from this and other States by counsel for appellant on this question. In most of them the note recites that the party reserves the right of option of extension at any time, either before or after maturity, and we do not consider them in point. The quoted words do not affect the character of the note, before or up to its maturity, either in its certainty, amount to be paid, the date of payment or the person to whom the payment is to be made. The clause in question does not destroy the negotiability of the note. The following authorities in other jurisdictions tend to uphold this conclusion: *National Bank vs. Kenney*, 98 Tex. 298; *First Nat. Bank vs. Buttery*, 17 N. D. 326; *Farmer, Thompson & Helsell vs. Bank of Graettinger*, 130 Iowa, 469; *Anniston Loan & Trust Co. vs. Stickney*, 108 Ala. 146.

* Compare *Roseville State Bank vs. Heslet*, BANKERS MAGAZINE, August, 1911, p. 209.

RECOVERY OF USURIOUS INTEREST

PAYMENT OF USURIOUS INTEREST BY CONVEYANCE OF LAND.

Supreme Court of Georgia, Feb. 16, 1911.

FIRST NATIONAL BANK OF BLAKELEY VS. DAVIS.

The thirtieth section of the national banking act, which gives a remedy to a debtor of a national bank, who has paid to the bank a greater rate of interest than that allowed by law, to recover back twice the amount of the interest paid, comprehends payment of the usurious interest by transfer of property, as well as payment in money.

In order to constitute a "payment," within the purview of the statute, by transfer of property, the parties must intend that the property be accepted as a payment.

The statute contemplates an actual payment of the usury; and where property is accepted as payment, its market value at the time must exceed the principal and lawful interest, before it can be said that any illegal interest has been paid and received.

The statute subjects the bank to the forfeiture only when the bank "knowingly" receives the excessive interest. Where property is accepted in payment of a debt infected with usury, it must appear, not only that the market value of the property was in excess of the principal debt and legal interest, but that the transfer and delivery of the property was intended by the debtor and accepted by the bank as payment, not only of the lawful interest, but also of the illegal interest.

The statute is not applicable to voluntary payments of debts of third persons to the bank which may be infected with usury.

THIS was an action brought by Mollie C. Davis against the First National Bank of Blakely, Ga., to recover double the amount of certain usurious interest alleged to have been paid by her to the bank. This interest was included in certain notes, to pay which the plaintiff conveyed certain lands to the bank. On behalf of the bank, it was insisted among other things that the statute gives a right of action to recover double the amount of the usury exacted where the usurious interest has been paid in money.

EVANS, *P.J.* (omitting part of the opinion): Payment in its broad sense includes payment in other things than money, though by commercial usage

payment may be restricted to payment in money. (*Claffin vs. Continental Works*, 85 Ga. 27, 11 S. E. 721.)

Payment, like sale, can result only from the mutual agreement of the parties that the transaction shall have that effect. It is the intention of the parties, derivable from their contract, which gives to the transaction its legal effect. This court has held that the delivery of intoxicating liquor in consideration of and exchange for "a fat hen" constituted a sale of intoxicating liquor. (*McGruder vs. State*, 83 Ga. 616.) If a creditor accept any valuable thing in discharge of his debt, the debt is paid; and it is the agreement that the thing is accepted in discharge of the debt which renders the transaction a payment. If not otherwise agreed between the parties, the debtor can discharge his debt in money only; but the creditor may consent to accept payment in property as the equivalent of the money. "A debtor may pay a usurious debt as well as any other, and he may pay it in money as he may pay it in land." (*Hicks vs. Marshall*, 67 Ga. 713.) A deed given in payment of a debt, although usury may have entered into the consideration, is a valid payment of the debt. (*Harris vs. Hill*, 70 Ga. 831.) In *Zeigler vs. Scott*, *supra*, the defendant sought to set off the usury paid in excess of the legal interest on another note which he had discharged by the delivery of property to the plaintiff, who accepted it as a payment; and though no point was raised that the payment of usury to be recovered back must be paid in money, the court recognized the right of the defendant to plead the set-off and to recover the usury, if not barred by the statute of limitations.

* * * * *

The statute is remedial as well as penal, and is to be liberally construed to effect the object of Congress. (*F. & M. Bank of Buffalo vs. Dearing*, 91 U. S. 29.) The obvious purpose of Congress was to prevent the taking of usurious interest, and to punish the creditor for the contracting for and for the receiving of usury. If the statute

contemplated that usurious interest could be paid only in money, then national banks are let loose in the exaction of usury by demanding or accepting a medium of payment other than money. Such a construction would thwart the manifest purpose of the statute. If a national bank purges its debt of usury, and the debtor pays only the legal interest, then a debtor who has been granted absolution from usury cannot recover a penalty for that which he has not paid. But if there be an actual payment of usurious interest, the statute makes no discrimination as to the medium of payment. Thus, where commercial paper is transferred to and discounted by a national bank at a greater rate of interest than that authorized by law, and the net proceeds, after deducting the interest charged, are credited to the transferrer, this is a payment of the interest within the meaning of the statute. (*National Bank of Rahway vs. Carpenter*, 52 N. J. Law, 165.) We hold, therefore, that the statute is applicable to a payment of usurious interest, either in money or its equivalent. In this connection, see *Lasater vs. Bank*, 96 Tex. 345.

REMEDY OF TRANSFEREE

RIGHT OF BANK TO TRANSFER ITS OWN TITLE TO PERSON HAVING NOTICE OF DEFECTS.

Supreme Court of Washington, March 23, 1911.

MOYSES ET AL VS. BELL

Where a bank is the holder of a negotiable promissory note in due course it may transfer all its rights to another, and it is no defense to an action by the transferee that he had notice of the defects in the title of the person from whom the bank took it. This was an action upon a promissory note made by the defendant, payable to the order of the Great Western Beet Sugar Company, and transferred by the payee to the Citizens State Bank of Mountain Home, Idaho, as collateral security, and afterwards taken up by the plaintiff.

CROW, J. (omitting part of the opinion): We do not think the contention that the note was returned to the payee, or that it again acquired title thereto,

can be sustained. The evidence on this subject supports the respondents' position, to the effect that they purchased the existing debt of the company, and took an assignment of the collateral. Assuming, without so finding, that after looking into the affairs of the company for a period of two or three weeks in October, 1908, respondents learned facts sufficient to inform them that the Great Western Beet Sugar Company had then failed to perform its executory contract with appellant, they would nevertheless, under section 3449, Rem. & Bal. Code, have all the rights of holders in due course, if the bank, their assignor, was itself a holder in due course. The section mentioned reads as follows: "In the hands of any holder other than a holder in due course, a negotiable instrument is subject to the same defenses as if it were non-negotiable. But a holder who derives his title through a holder in due course, and who is not himself a party to any fraud or illegality affecting the instrument has all the rights of such former holder in respect of all parties prior to the latter." This section is only a statutory enactment of a rule theretofore announced by the courts. It is recognized in *Kost vs. Bender*, 25 Mich. 515, cited by appellants, as a rule existing in favor of all persons other than the original payee, who become purchasers from a bona fide holder of negotiable paper, even though such purchasers have notice of an infirmity in the paper, as between the original parties thereto. Speaking for the court, Cooley, J., said: "It is perfectly true, as a general rule, that the bona fide holder of negotiable paper has a right to sell the same, with all the rights and equities attaching to it in his own hands, to whoever may see fit to buy of him, whether such purchaser was aware of the original infirmity or not. Without this right he would not have the full protection which the law merchant designs to afford him, and negotiable paper would cease to be a safe and reliable medium for the exchanges of commerce. For if one can stop the negotiability of paper against which

there is no defense, by giving notice that a defense once existed while it was held by another, it is obvious that an important element in its value is at once taken away."

Section 3443, Rem. & Bal. Code, thus defines a holder in due course: "A holder in due course is a holder who has taken the instrument under the following conditions: (1) That it is complete and regular upon its face; (2) that he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact; (3) that he took it in good faith and for value; (4) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it."

Section 3450 reads as follows: "Every holder is deemed prima facie to be a holder in due course; but when it is shown that the title of any person who has negotiated the instrument was defective, the burden is on the holder to prove that he or some person under whom he claims acquired the title as holder in due course. * * *"

Our inquiry, therefore, is whether the bank from which respondents acquired title was a holder in due course. It is shown by the undisputed evidence of S. G. Yerkes and B. L. Williams that the note was assigned to the bank on or about February 8, 1908. Section 3446 thus defines a defective title: "The title of a person who negotiates an instrument is defective within the meaning of this act when he obtained the instrument, or any signature thereto, by fraud, duress, or force and fear, or other unlawful means, or for an illegal consideration, or when he negotiates it in breach of faith, or under such circumstances as amount to a fraud." The payee did not obtain this note or appellant's signature thereto by fraud, duress, or force and fear, or other unlawful means, or for an illegal consideration; nor can we find from all the evidence that, when it negotiated the note to the bank on February 8, 1908, before its consideration had failed, such negotiation was a breach of faith, or

made under such circumstances as amounted to a fraud. If we are correct in this conclusion, the title of the payee was not defective when it negotiated the note to the bank, and under section 3450 no burden could ever be imposed upon the bank, or upon respondents as its assignees, to show that they were holders in due course; and this would be true even though respondents, the assignees of the bank, acquired the note after its maturity; and with notice that there had been a failure of its consideration at all times after April 15, 1911, occasioned by the payee's failure to perform its executory contract to thereafter furnish water.

USURY BY NATIONAL BANK

SETTING OFF INTEREST PAID.

Supreme Court of Appeals of West Virginia, May 9, 1911.

NATIONAL BANK OF WESTON VS. LYNCH ET AL.

In an action by a national bank against the maker of a note the defendant may reduce the amount of the recovery by the amount of usurious interest which the note bears upon its face, or which is included therein; but he cannot set off usurious interest actually paid, his remedy for this being confined to an independent action to recover twice the amount of such payments.

THIS was an action by the National Bank of Weston upon a promissory note, and the defendants sought to plead usury.

MILLER, J. (omitting part of the opinion): The briefs and arguments of counsel are mainly devoted to the question whether defendants have the right, as against plaintiff, a national bank, to cut down recovery on the note sued on, to the extent of the usurious interest charged or borne by the note. Such rights as the defendants have are given by sections 5197 and 5198, Revised Statutes of the United States (U. S. Comp. St. 1901, p. 3493). It seems to be settled law that a defendant cannot offset against principal, usurious interest actually paid by him; that his only remedy for illegal interest actually paid is the right given by the statute to

recover back twice the amount so paid, the penalty prescribed by section 5198, for the unlawful taking of usurious interest. (*Bank vs. Dearing*, 91 U. S. 29; *Bank vs. Boylen*, 26 W. Va. 554; *Lynch vs. Bank*, 22 W. Va. 554; *Bank vs. Bradford*, 51 W. Va. 255.)

* * * * *

Returning to the main question, may a defendant, where the note, on its face, or in fact carries usurious interest, interpose the plea of usury, and thereby reduce recovery by the amount of the usurious interest carried in the note? The law seems to be well settled that he may do so. (*Brown vs. Bank*, supra; *Danforth vs. National State Bank*, 48 Fed. 271, 1 C. C. A. 62; *Bank vs. Stauffer* [C. C.] 1 Fed. 187; *Bank vs. Bradford*, supra; *Bank vs. Hoagland* [C. C.] 7 Fed. 159; *Shafer vs. Bank*, 53 Kan. 614; *Bank vs. Donnell*, 172 Mo. 384; *McGhee vs. Bank*, 40 Neb. 92; *Hall vs. Bank*, 30 Neb. 99.) If, however, the usurious interest has in fact been paid his only remedy is by action to recover it back; he can not offset it against the principal of the note.

NOTICE OF DISHONOR

NOTICE GIVEN ORALLY.

Court of Appeals of Kentucky, May 23, 1911.

GRAYSON COUNTY BANK VS. ELBERT ET AL.

Under the Negotiable Instruments Law, as adopted in Kentucky, notice of dishonor must be in writing, and an oral notice is not sufficient.*

THIS was an action against the defendants as indorsers of a promissory note payable to the order of the Grayson County Bank, and discounted

by that bank. The question was whether the petition of this bank was sufficient, there being no allegation that notice of dishonor in writing was given to the defendants.

HOBSON, C. J. (omitting part of the opinion): The Grayson County National Bank is located in Grayson county. The Louisville Woodstock Company is located in Jefferson county, and the indorsers reside there. It is alleged in the petition that, upon the maturity of the note, it was not paid, and that this fact was immediately known to each of the defendants, and was at once communicated by plaintiff to each of them. A written notice is not alleged, and it is insisted that a verbal notice under the statute is sufficient. Such was the common-law rule. Sections 95 and 96 of the act (Laws 1904, c. 102), as prepared by the conference of commissioners, are as follows: "A written notice need not be signed, and an insufficient written notice may be supplemented and validated by verbal communication. A misdescription of the instrument does not vitiate the notice unless the party to whom the notice is given is in fact misled thereby." Section 95. "The notice may be in writing or merely oral, and may be given in any terms which sufficiently identify the instrument and indicate that it has been dishonored by non-acceptance or non-payment. It may in all cases be given by delivering it personally or through the mails." Section 96.

It appears from the Senate Journal that while the bill was under consideration in the Senate the word "not" in the first line of section 95 was stricken out. In some way, it does not appear when, the word "verbal" in the third line of section 95 was changed to the word "written," and the words "or merely oral" in section 96 were omitted; so that in the Kentucky act, as it was enrolled, these sections read as follows: "A written notice need be signed, and an insufficient written notice may be supplemented and validated by a written communication.

"A misdescription of the instrument

* As will be seen in the opinion of the court, the Negotiable Instruments Law was not adopted in Kentucky in the form proposed by the Commissioners on Uniform Laws; but was amended by the legislature. In New York and other States which have adopted the law the customary rule prevails; for in all such States the statute provides: "The notice may be in writing or merely oral, and may be given in any terms which sufficiently identifies this instrument and indicates that it has been dishonored by non-acceptance or non-payment." (Sec. 167, N. Y. Act.)

does not vitiate unless the party to whom the notice is given is in fact misled thereby." Section 95. "The notice may be in writing, and may be given in any terms which sufficiently identify the instrument and indicate that it has been dishonored by non-acceptance or non-payment. It may in all cases be given by delivering it personally or through the mails."

It will be seen that the Kentucky act provides that a written notice need be signed, that an insufficient written notice may be supplemented and validated by written communication, and that the notice may be in writing and may be given in terms which sufficiently identify the instrument. The purpose of the Legislature in striking out the word "not" in the first line of section 95 and in substituting "written" for "verbal" in the third line was to exclude parol testimony as to the notice and require it to be in writing, and so the words "or merely oral" were omitted from section 96; for, if an oral notice was good, there was no reason why an insufficient written notice might not be validated by a verbal communication. An insufficient written notice might be entirely disregarded, and, when the Legislature provided that a reflective written notice could only be validated by a written communication, it must have meant to exclude oral communications in the matter. We therefore conclude that under the Kentucky act the notice must be in writing and signed; and that a verbal notice is insufficient.

LIABILITY OF PERSONS PLACING SIGNATURE ON BACK OF NOTE

EFFECT OF STATUTE.

Court of Appeals of Kentucky, May 23,
1911.

FIRST NATIONAL BANK OF LOUISVILLE VS. BICKEL
ET AL.

Under the Negotiable Instruments Law, where persons place their signatures upon the back of a note without any words to indicate that they sign in another capacity,

they will be deemed indorsers, and parol evidence is not admissible to show what the contract was.

THE following note was executed to the First National Bank of Louisville: "Louisville, Ky. May 29, 1907. Sixty days after date I promise to pay to the order of the First National Bank of Louisville, five thousand dollars, value received, negotiable and payable at the office of the National Bank of Kentucky. White City Company, by C. C. Pickel, President." On the back of the note when it was delivered to the bank appeared the following signatures: "C. C. Pickel, I. Frost, J. B. Oligschlager, W. H. Labb, Richard D. Bakrow, J. M. Sharp, Emanuel Bakrow, and L. Simons." The note was not paid at maturity, and this suit was brought against the persons who had placed their names on the back of it. There was no allegation in the petition of notice to the indorsers of the non-payment of the note at maturity. The defendants demurred to the petition.

HOBSON, C.J. (omitting part of the opinion): It is earnestly insisted for the plaintiff that parol evidence may be received to show what the contract between the parties really was, and we are referred to not a few authorities sustaining this view. But these are decisions made before the adoption of our present statute.

To remedy the uncertainty and prevent the litigation resulting from the introduction of parol evidence in this class of cases, the Legislature of this State some years ago adopted the following statute: "Every person who shall sign his name upon the back of a promissory note shall be deemed and treated as an assignor as to the party holding it, unless, in writing, a different purpose be expressed; or the note can be legally placed on the footing of a bill of exchange." (Ky. St. § 481 [Russell's St. § 1797.]) In *Kellogg vs. Dunn*, 2 Metc. 215, it was held under this act that parol evidence could not be heard to enlarge the liability of the persons signing their names on the back of the note unless in writing a different purpose was expressed. Sim-

ilar statutes were passed in a number of other States and the negotiable instrument act was evidently intended to express the same idea. Under it a person who places his signature upon an instrument other than as maker, drawer, or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words in the indorsement his intention to be bound in some other capacity. Section 63 is to be read in connection with section 31, which is as follows: "The indorsement must be written on the instrument or upon a paper attached thereto. The signature of the indorser, without additional words, is a sufficient indorsement." The purpose of the statute is to exclude parol evidence, and to make the written instrument control the rights of the parties. The statute fixing the legal effect of the instrument, parol evidence may not be received to give it a different effect. (See *Rockfield vs. First National Bank*, 77 Ohio St. 311, 83, N. E. 392, 14 L. R. A. [N. S.] 842; *Baumeister vs. Kuntz*, 53 Fla. 340, 42 South. 886; *Kimmel vs. Weil*, 95 Ill. App. 19; *Deahy vs. Choquet*, 28 R. I. 340, 67 Atl. 421, 14 L. R. A. [N. S.] 847; *Farquhar vs. Higham*, 16 N. D.

106, 112 N. W. 557; *Toole vs. Crafts*, 193 Mass. 110, 78 N. E. 775, 118 Am. St. Rep. 455; *Peck vs. Easton*, 74 Conn. 456; *Gibbs vs. Guaraglia*, 75 N. J. Law, 168; *Perry Co. vs. Taylor Bros.*, 148 N. C. 362.)

It may be shown by parol evidence under section 64 of the negotiable instrument act whether a person is an accommodation indorser or not, and it may be shown under section 68 as between indorsers what their liability is. But the purpose of both these provisions is merely to determine the liability of the indorsers between themselves. In other words, the purpose of these provisions is simply to allow parol evidence to show whose debt it is that the real debtor may be required as between the debtors themselves to discharge his own debt rather than one who is secondarily liable for it. But this principle cannot be extended so as to impose upon the indorser a different obligation than the law ascribes to the writing which he executes. We, therefore, conclude that the facts alleged in the amended petition are not sufficient to charge the defendants in any other capacity than as indorsers of the note.

NOTES ON CANADIAN CASES AFFECTING BANKERS

(Edited by John Jennings, B.A., LL.B., Barrister, Toronto)

A TIMBER LIMITS CASE

CONTRACTS—COVENANT OF RESCISSION
AND FORFEITURE OF PART PAYMENTS
—PLEDGE—OBLIGATIONS AND DUTIES
OF PLEDGE—RIGHT OF PLEDGOR.

KLOCK VS. THE MOLSONS BANK AND HURDMAN.

(Que. Reports—39 C. R. 435.)

In 1901 the plaintiff was the owner of certain timber limits under Sec. 1600 of the Revised Statutes of Quebec under the terms of which he was the absolute owner of the timber and could protect it against any trespasser.

On September 19, 1901, the plaintiff entered into a contract with the late Robt. Hurdman under which the plaintiff agreed to sell these limits for the sum of \$385,000, of which \$100,000 was to be paid in cash. Hurdman gave four promissory notes; one for \$142,500, payable in one year, another for a like amount payable in two years,

another for \$14,250, being interest on the two-year note, and a fourth note for \$7,125, being interest on the one-year note. At the time of this transaction the plaintiff was banking with the Quebec Bank, to which he was indebted in a considerable sum in respect of which sum the bank held the licenses in question as collateral security. The Quebec Bank was a party to the agreement of sale to Hurdman, covenanting to transfer the licenses to Hurdman on payment of Klock's indebtedness to them. This agreement provided that Hurdman should conform to all the regulations of the Crown Lands Department, should pay all Crown dues and should discharge all the obligations that Klock was bound to do as if he (Klock) had been operating the limits.

It stipulated clearly that in default of any of the conditions lasting for a period of thirty days Klock, without process of law, should re-enter upon possession of the limits; the agreement should be at an end and any improvements made upon the limits should be forfeited.

The cash payment under this agreement was made, the notes given and the plaintiff handed these notes to the Quebec Bank as additional security for his indebtedness. Hurdman entered on the limits and carried on operations by which he became liable to pay for the different kinds of timber cut at the rates stipulated in the agreement. Mr. Hurdman carried on his banking with the Molsons Bank, where the notes in question were made payable. About the time the first notes were maturing the plaintiff saw the local manager of the Molsons Bank and was assured by him that the notes would be paid upon maturity.

About this time the plaintiff desired to close his account with the Quebec Bank and transfer it to the Molsons Bank, and on September 8, 1902, that is, before the maturity of the first notes, the Quebec Bank agreed to give the plaintiff a clear discharge and release all security on receiving the sum of \$271,788.08. The plaintiff made arrangements with the Molsons Bank to take his account and on September 8, 1903, entered into an agreement with that bank whereby they agreed to pay off the Quebec Bank and take over the timber limits and other securities, no reference whatever being made to the promissory notes. The Molsons Bank did pay off Klock's indebtedness to the Quebec Bank and received all securities held by the latter bank, which included the Hurdman notes.

Hurdman was no party to and had no knowledge of the agreement between Klock and the Molsons Bank. On September 8, after paying off the Quebec Bank, the local manager of the Molsons Bank said to the plaintiff, "Mr. Hurdman will pay off these notes to-day." Thereupon, unknown to the plaintiff, without his intervention and certainly not at his request, there was placed to his credit the sum of \$156,750, which was the opening entry in the plaintiff's then current account with the Molsons Bank. Hurdman gave a check for \$156,750 to pay off these two notes, which was accepted by the bank. Hurdman's signature on the notes was cancelled by the bank manager, as was also Klock's endorsement, and the notes were stamped "paid" and handed them back to Mr. Hurdman.

The account ran on, both parties continuing to do business with the Molsons Bank. Hurdman's note for \$156,000 matured, but was not paid, and, without a word said to the plaintiff, the Molsons Bank continued from time to time to renew this note until some time after Mr. Hurdman's death.

On the date of opening his account with the Molsons Bank the plaintiff proposed to discount the other note maturing September, 1903, but the local manager said it had too long to run; that he would discount the plaintiff's own note at six months and on its maturity would take up by discount the Hurdman note, which would then have only some six months to run. This was done

and the Hurdman note was renewed from time to time, always with Mr. Klock's endorsement, until finally it was replaced by a demand note, which was held by the Molsons Bank at the date of trial, and which went to increase Klock's indebtedness.

In addition to these facts, the plaintiff complains bitterly that he was not paid for the logs that Hurdman had made and removed from the limits and, secondly, that the mode of operating the limits was so negligent and wasteful as to cause serious loss to the plaintiff. The plaintiff alleged that all the proceeds of the sale of logs on the limits had been paid to the Molsons Bank.

JUDGMENT (GREENSHIELDS, J.):

The trial judge summarized the claim of the plaintiff as against Hurdman as follows:

I shall not refer at any length to the pleadings. In a word, the plaintiff says, to paraphrase his declaration: "Hurdman, you violated almost every clause of your contract. You have made default in the payment, and I am now entitled to put the contract at an end, and dispossess you, so far as you have any possession of those limits."

To dispose of this, the simplest part of the case, I have no hesitation whatever in saying that Hurdman has made flagrant default in the agreement, and it has certainly lasted beyond the time stipulated, and I find that, at the date of the institution of the action, the default existed, and I maintain the plaintiff's action as against Hurdman, and declare the agreement of September 19, 1901, at an end. I declare a forfeiture of all moneys he had paid. I declare the plaintiff to be the owner, so far as Hurdman is concerned, or so far as the Hurdman estate is concerned, of the limits and all plant and improvements of every nature and kind upon the limits, and I dismiss Hurdman's plea.

Now, coming to the issue with the Molsons Bank, the plaintiff sets up the agreement of September 8, and he says: "I have paid, in one way or another, all my indebtedness to you. \$156,750 was paid on September 8, by the payment of those notes. You got the money, and those notes were paid." To paraphrase his declaration, the plaintiff says: "In any account that you may

make against my limits, you must credit me with the sum of \$156,750, which you received in one way or another on September 8." He also says: "You are responsible for the amount that Hurdman should have paid to me for logs after September 8, amounting to a very considerable sum. You are responsible to me and I am entitled to offer in compensation against any account you may make against my limits, the amount that I should have received from Hurdman for the logs that he removed, and the proceeds of the sale of which you received in its entirety." The plaintiff further says: "You are responsible to me for the manner in which Hurdman carried on his operations. He caused waste to an amount mentioned in the declaration. You were the holders of these licenses, not under the Bank Act, section 74 or 84, which gives the bank the right to take security on standing timber, but you held them in virtue of the provisions of section 1600 and following of the revised statutes of Quebec, by which you were vested with the absolute ownership of the timber upon these limits. You could prevent anyone from cutting the timber. You could prevent anyone from trespassing—in other words, you could hold these limits absolutely intact, while you were the holders of the licenses." Therefore, the plaintiff says: "You are liable to me for the waste that was caused by Hurdman, whom you allowed to operate those limits, while you were in possession of the transfer of the licenses, and particularly are you liable, because every cent that was derived from his operations went into the coffers of your bank.—" Finally the plaintiff says: "You are bound to credit me with \$30,000 of interest that you have charged on this note, because the money was paid into the bank from the proceeds of the sale of timber from these limits, and you are bound to credit that, in extinguishment of the interest charges."

The bank says: "We had nothing whatever to do with Hurdman's operations. You (Klock) made a contract with Hurdman. You placed him there

and you never raised any objection to the manner in which he was operating the limits. You never raised any objection to the fact that he did not pay you for those logs, and there is no responsibility on our part. Our transactions with Hurdman were ordinary banking transactions. We advanced him money from time to time, to carry on his operations, and we took such security as the Bank Act allowed, to secure the repayment of those advances, and we got as much money as we could get in payment of our advances, but, unfortunately, there is still a large balance against Hurdman."

Then the bank urges that, as far as the \$156,750 note is concerned, there was no payment to the bank, and, while the leading counsel for the bank stated that there was no personal responsibility by Klock, he also stated several times, during the hearing, that the bank was not suing Klock for \$156,750, but that they held his limits and proposed to hold his limits for that amount.

Dealing, first of all, with the responsibility of the bank for the operation of those limits, and the failure of Hurdman to pay the plaintiff stumpage on the logs, I cannot find the bank responsible. It is true, as stated by the plaintiff's counsel, that the bank held these licenses under the provisions of section 1600 and following of the revised statutes of Quebec, but it must not be forgotten that the bank really held these limits, as between Klock and the bank, under the agreement of September 8. The bank held these limits, not with a view of operating them, but purely and simply as collateral security for the plaintiff's indebtedness to the bank. Now, the bank knew, and Mr. Broderick (local manager in Ottawa of the Molsons Bank) admits in his testimony that the bank knew of the existence of the Hurdman contract. I am not called upon to say what the bank might have done after the signing of the contract of September 8, with respect to the Hurdman contract. If the bank saw that these limits were being depleted by someone, and their indebtedness not being reduced, the bank might have had

some possible remedy or recourse to prevent the depletion of the limits, because every tree that was removed, if they did not get the money, would reduce the bank's security; and Mr. Klock was aware, at all events, if he was not aware, he should have been, of the manner in which Hurdman was carrying on these operations. Yet there is not a single word of objection uttered by Mr. Klock about the manner in which these operations were carried on. He does not seem to have said a word to anyone, either to the bank or to anyone else, about the non-payment of the stumpage that was due to him, every time he saw logs were made and removed, or even before they were removed from the limits.

I cannot find the bank responsible for this amount of money. It is true the bank received all the money. The evidence of young Mr. Hurdman goes to the extent of saying that every dollar that was realized from these operations, right up to the very end—right up to two or three months before the trial of the case—went into the Molsons Bank, and, in the ordinary course of banking, it was to pay advances that had been made for the very purpose of making timber, the proceeds of the sale of which the bank got.

If Mr. Klock, the plaintiff, sat down quietly and never took any steps to protect his rights, it seems to me I would be going very far to say that the bank was bound to do something that he did not do himself.

If that be true as to the bank's liability for the stumpage, it is true, to a greater extent, for the other claim of waste. Upon these points I have no hesitation in saying that the bank is not liable, and that the plaintiff cannot reduce the liability of his limits for those two items.

Now, coming to the question of \$156,750, I state at once that I hold there was an effective payment, not only between Klock and Hurdman, but there was a payment into the Molsons Bank of \$156,750, and that, in any account that the Molsons Bank may make up as against the plaintiff's limits, it is

bound to give credit to the plaintiff, in that account, for \$156,750.

It was stated at the hearing and at the argument that in the decision of this case, or any case, for that matter, the court should not deal with imaginary facts, nor deal with probabilities. I am in entire accord with that proposition, and I do not propose to deal with imaginary facts. I pointed out, as a fact, that so far as the discount of Hurdman's note was concerned, it was entirely outside of any knowledge of the plaintiff in the case. He had nothing whatever to do with it. The Molsons Bank, rightly or wrongly, prudently or imprudently, relying on the security of Hurdman's name, he being a customer of the bank and being largely indebted to the bank, saw fit to discount Hurdman's own note for \$156,000, for the express purpose of retiring these two notes. There is no doubt about that. Klock was an utter stranger to this transaction.

I find that the agreement of September 8 was entirely separate and that is why I have mentioned that nothing was said about these notes. There is not a little of evidence to show that these notes were taken into consideration in any way at all in making that agreement. Supposing Mr. Hurdman had decided not to pay his note until its maturity. The majority of men do not anticipate these payments. Supposing this transaction had gone through, as it did, September 8, after the agreement was signed, the money was paid as declared by the agreement before the agreement was actually signed, because, if it was not, the agreement is false on its face. It says: "Whereas the Quebec Bank has, at the request of Klock, paid, etc." If the Molsons Bank had not paid that money before, there was a firm agreement by the bank to pay that money, to pay \$271,000 on a transfer of those securities, and so firm was it that I should have no hesitation in saying that Klock could have enforced the specific performance of that agreement, without regard to the note, without regard to any security other than the security of the limits.

If Mr. Klock had been in a position to tender a transfer of the securities mentioned in that agreement of September 8 to the Molsons Bank, I say that, in my opinion, he could have enforced the specific performance of the contract and could have compelled the Molsons Bank to pay the Quebec Bank the sum of \$271,000. Now, supposing that be correct, leaving Hurdman entirely out of the question for the moment, and coming to September 22, if the Molsons Bank had paid the \$271,000 on September 8, as they did, they would have had a claim against Mr. Klock and against his limits for that amount. Now, supposing on September 22 Mr. Hurdman came and handed to Mr. Klock a check for \$156,750, accepted by the Molsons Bank, the proceeds of a discount or of a trust that they may have put in Hurdman, and handed Mr. Klock \$156,750, and Mr. Klock had taken that accepted check of the Molsons Bank on September 22 and deposited it to the credit of his account, would not that have reduced his indebtedness? I say that Mr. Klock, in his testimony, so far as that is concerned, is absolutely correct, and that the result of the payment of those notes by Hurdman, from whatever source he got the means to do it, had the effect of reducing his liability to the sum of \$115,000, as mentioned in his testimony.

The leading counsel for the bank said that there is no doubt that Klock is not liable upon the note of \$156,750, discounted by Hurdman on September 8, but he did consent to pledge his limits for the advance made upon the Hurdman note. The plaintiff was in the box when this statement was made by the leading counsel for the bank, and he said he did not do so, and, so far as this record is concerned, that statement made by the witness in the box is absolutely correct. If the bank defendant relies upon any agreement by the plaintiff that his limits should remain pledged, as stated by the leading counsel for the bank, and that he consented to pledge his limits for the advances made upon the Hurdman note, then it must be inferred from something that I cannot find in the record.

I cannot see much distinction between holding a man's property and holding himself. Perhaps there is a difference. In this case, there would not be any difference, but there is a difference between being the owner of a property upon which there is a mortgage, when there is no personal liability. The rest of the man's property is immune from the payment of the deficiency in the realization of a mortgage. Supposing that by any chance Klock had discharged all his liabilities except this \$156,750. Supposing that the bank had no claim against him except upon this. According to the bank's counsel, there is no personal liability. According to the statement of the plaintiff's counsel, made at the hearing, and not traversed at least by the defendant's counsel, in order to bring these limits to sale, a judgment must be obtained against the pledgor; in other words, before the bank can realize upon its security the bank would have to get a judgment against its pledgor. Then, all other liabilities being discharged, it would sue upon a liability of \$156,750. Mr. Klock would answer, according to leading counsel's statement: "I don't owe you \$156,000 at all. You were foolish enough or wise enough to discount Hurdman's note. I was not on that note. You paid these notes and gave back my security to Hurdman. You discharged Hurdman absolutely from any liability towards me on those notes. I don't owe you any money, and you can't get a judgment." If it be true that without a judgment against the plaintiff, you cannot sell the limits, then the limits would never be sold, because, if counsel's statement be correct, no personal judgment against Klock could ever intervene. It is not in the nature of a hypothec, at least I should not take it as that, and if there is no personal liability, or if the personal liability is discharged, I understand the law of pledge to be that the accessory goes with the principal; that is to say, if I pay my debt, the liability even of a third party who pledges his goods, or the liability of a third party's goods, which are pledged for my security, is "ipso facto" discharged and released

from any lien. Now, supposing Mr. Klock's limits were not discharged by that payment, I do not see why the question of the payment of this note should enter into the consideration in the slightest degree. It was urged at the hearing that Klock got rid of a personal responsibility. It is a doubtful benefit. Why should the bank, if it

had agreed to pay off the Quebec Bank, why did it have anything to do at all with the payment of these notes? The bank had no interest in the payment of the notes. It tied the plaintiff's hands for one year at least from the exercise of the remedies which he was entitled to exercise under the terms of his contract.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

PROTESTING PROMISSORY NOTE —ADVANTAGES OF

NEW YORK, August 31, 1911.

Editor Bankers Magazine:

SIR: I have recently had a discussion with a fellow clerk respecting a point about which we do not agree, and we have concluded to submit the question to you. The point is this: Is it necessary to have a note protested by a notary public in order to hold the indorsers? I insist that this must be done, but he contends that it would be sufficient for the bank to write to the indorsers, stating that the note had not been paid. Who is correct? And if protest is not necessary in such cases, why do banks always have it done? **BANK CLERK.**

Answer: Your opponent is correct. The rule has always been that a formal protest is necessary only in cases of foreign bills of exchange; that is to say, in cases where the bill is drawn in one country and payable in another, or drawn in one State and payable in another State. Where the instrument dishonored is a promissory note, or an inland bill, that is, a bill drawn and payable in the same State, protest by a notary is not required; but it is sufficient that the holder himself, or his agent, presents the paper for payment or acceptance, as the case may be, and gives the indorser notice of dishonor. These rules, as they existed under the law merchant, have been incorporated into the Negotiable Instruments Law. That statute provides: "Where any negotiable instrument has been dishonored it may be protested for non-acceptance or non-payment, as the case may be; but protest is not required except in the case of foreign bills of ex-

change." (Sec. 189 N. Y. Act.) But while formal protest is not essential in the case of promissory notes, it is very convenient as a mode of preserving evidence of the presentment and dishonor of the instrument and of the notice, for under the statutes of most, if not all of the States, the certificate of the notary making the protest is *prima facie* evidence of these facts. Without such a certificate the holder, if he should sue on the paper, would have to call as a witness the person who made the presentment, and the person who gave the notice.

DISCREPANCIES IN AMOUNT OF CHECK — AMOUNT BANK SHOULD PAY

BOSTON, MASS., August 23, 1911.

Editor Bankers Magazine:

SIR: A check is presented at this bank, in the body of which is written, Pay to the Order of A, Twenty-five dollars, but upon the margin appear the figures \$23. Would the bank be safe in paying only the smaller sum? **BANK CLERK.**

Answer: The Negotiable Instruments Law provides that "Where the sum payable is expressed in words and also in figures and there is a discrepancy between the two, the sum denoted by the words is the sum payable; but if the words are ambiguous or uncertain, reference may be had to the figures to fix the amount." (Section 17, Mass. Act.) In the case cited, therefore, the amount payable would be twenty-five dollars, notwithstanding the figures in the margin represent a smaller sum.

TRUST COMPANIES

Conducted by Clay Herrick

MOVING BACKWARD

A CURIOUS incident occurred in New York State when, on May 31, 1911, the "Grady Bill" (Chapter 200 of the Laws of 1911) became a law. Heretofore, in figuring reserves, the State banks and trust companies were allowed to deduct from total deposits, in addition to other items, those deposits which were secured by "outstanding unmatured bonds issued by the State of New York." The Grady law permits them to deduct also deposits secured by "other obligations" issued by the State of New York, "or secured by outstanding unmatured bonds, corporate stock, revenue bonds, assessment bonds or other obligations issued by the City of New York," and in addition to deduct "an amount equal to the market value, but not exceeding the par value, of any such bonds or other obligations of the State of New York or of the City of New York owned and held by such bank or individual banker, or held by a public department, a public officer or officer of this State, or of any other State, or of the United States, in trust for such bank or individual banker."

If the banks and trust companies were to take advantage of this law, it is evident that very material reductions would be made in the reserve carried against deposits. There are practical limitations which would prevent as large reductions as early comments in the press indicated, but they might still be of considerable amounts, and in theory might be very great.

The essential point is that here is a deliberate step taken by the law-makers of the most powerful State in the Union, financially, towards lessening the amount of reserves required of the banks and trust companies; and this at a time when every effort of conservative men, especially in the banking business, has been directed towards an increase in the reserve requirements. It

is understood, of course, that the purpose of the law was to add to the market for New York State and city securities, a purpose laudable enough in itself, but hardly sufficient to justify a weakening of banking institutions in the financial center of the country. It hardly seems necessary at this time to point out the reasons why the necessity of an adequate and readily accessible reserve is recognized by every thorough student of the banking business.

An interesting feature of the incident is the fact that the bill became a law just after the admission of a number of trust companies to the New York Clearing-House Association, under conditions of which increased reserves were the most important. The Clearing-House Association immediately ruled that the newly admitted trust companies must figure their reserves upon the basis stipulated in the amendment to the constitution of the Association in May, when the trust companies were made eligible. Members of the clearing house could not avail themselves of the new law, therefore, even if they wished to do so, and it is not probable that many others will take such a step.

Up to this point, however, the worst that can be said of recent banking legislation proposed at Albany is that it marks a step backward in that it has lessened the requirements looking towards safe banking. While the State institutions are permitted to weaken their reserves, they are not required to do so.

But Senator Grady went further. Apparently incensed at the ruling of the Clearing-House Association, which practically forbade its newly admitted members to take advantage of the Grady law, he introduced another bill which provides that no State banking institution "shall promise or undertake to conform its management or business to any requirement not embraced in this

chapter." Specifically, this means that no such institution shall agree to more stringent reserve requirements than those outlined in the law, and it is of course aimed at the Clearing-House Association. In plain language it means that no State bank or trust company may agree to be a safer or sounder institution than the law requires it to be; certainly about as ridiculous a proposition as one could conceive of a legislative body being sponsor for.

A partial explanation of the introduction of this bill by Senator Grady may be found in some remarks in the report of State Superintendent of Banking Van Tuyl on the admission of State banks and trust companies to the clearing house—a report made in compliance with a resolution of the legislature. In the course of this report Mr. Van Tuyl called attention to the great power of the Clearing-House Association, and declared that “a State institution completely solvent by every test of the Banking Department, complying fully with every statutory requirement, might be expelled or suspended from a clearing house or refused admission to it for failure to conform to some extra restriction imposed upon it by the constitution of a clearing house which, from the nature of its business, might be detrimental or unfair to it, with the result that it might not only be injured in its business, but a run might be started by timid depositors because of such refusal, suspension or expulsion, and it might become embarrassed through inability quickly to realize on perfectly good assets.” He added, “It would seem clear that we owe some protection to the institutions of our own creation which comply with all the State laws and requirements, even the unintended injury of uncontrolled power.”

Without denying the possibilities outlined in this report, and not dwelling upon the fact that in the long history of the clearing house no such incident has occurred, it may be pertinent to remark that the remedy proposed is much worse than the disease, both in its immediate and its ultimate results. Be-

cause of the remote possibility that some one institution might be harmed by a higher standard of banking, it is proposed to lower the standard for all. If the danger suggested is real, it is certainly possible to guard against it in some way other than by forbidding banks to agree to policies which by general consensus of opinion give increased soundness to the banks and greater protection to their depositors.

THE MORAL EFFECT OF ADVERTISING

THE steadily increasing amount of advertising that is being done by trust companies suggests the question, what effect, if any, will the greater amount of publicity have upon the character of the institutions which advertise?

Only a little reflection is needed to convince ones-self that eventually it will drive out of business those institutions which try to advertise without having character to back up their advertising, and will have an elevating effect upon the others. The trust company which advertises must “deliver the goods” which it proclaims it will deliver, or else the advertising appropriation is worse than wasted.

The function of the advertising department is to bring the customer into the office with the inclination to entrust his business to the company; that is all. At that point the advertising department disappears. The rest is up to the officers and employees of the company. If they fail to keep the promises which the publicity man has made, the prospective customer is transformed into an enemy. Has he promised courteous treatment? It must be in evidence. Has he spoken of adequate facilities, careful methods, ample resources, strictly honorable dealings? They must be delivered. The publicity department must be held down to the conditions that exist, or else the conditions must be brought up to the standard advertised. Otherwise the advertising appropriation would better be ex-

pended for some other purpose or added to the undivided profits account,—if any.

All of which means that the successful advertising trust company—if it is to continue successful—must ever be-

come more efficient and more honest and honorable in every detail of its business. It must do so, if for no other reason, because it pays. It cannot afford not to live up to the reputation which it has spent money to acquire.

PRACTICAL BANKING

A CHECK SETTLEMENT SYSTEM DESIGNED FOR BIG BUSINESS

By C. J. Larash

IF the advantages and possibilities of that old new science—the science of efficiency—that highest development of systematized effort, individually and collectively, combined with the most scientific tools and methods, were recognized, accepted and scientifically inaugurated by every employer in every line of business, what a means of salvation it would prove to many scores of businesses and what a wealth of good would revert to the toiler.

Ponder for a moment the best and most modern tool or system installed in the plant or office, accompanied by the expert with his minute analysis of the purely mechanical side, in the operation of them, to put into the heads and hands of that force that most scientific method of doing each specified task, and try and figure the boon it would likewise prove to the workaday human. Why, even the drone and the laggard would very shortly find themselves highly efficient members. Would not capital and labor fall joint heirs to the benefits accruing? Increased earnings on the one hand, increased capacity on the other, a new and higher appreciation of both, of the need for, and responsibility of each, would perforce find expression in a kindlier feeling one toward the other.

That man was surely right when he said, "Could we but get every mother's son to thinking hard along his own

special line we would set this old world forward fifty years in the next five."

In the operation of a bank, an expense item of no inconsiderable size is the maintenance of the transit department; the cost of clerk hire and equipment is enormous; very large banks requiring the services of several hundred men; their stamp account totals twenty-five to thirty and more thousand a year; many thousands of checks each day have to be routed and settled, listed on several thousand outgoing letters, to every compass point on the Western Hemisphere. Smaller ones in proportion.

Little wonder then that bank managers turn an attentive ear to any suggestion that promises a reduction in this cost of maintenance. True, some banks are rich and need give little thought to these matters from the standpoint of economy, but managers are to-day inclined to regard it incumbent upon them to use the best and most improved methods in the conduct of their business.

Where ten, twenty or forty or more thousand checks a day have to be routed, listed and settled, the one all-absorbing thought in the creation of ways and means is simplicity and directness. Re-doing but complicates, wastes time, men, and energy and multiplies the possibility of error.

This method, by which we settle the

incoming letter and deposit ticket by the outgoing letter, possesses all the essentials, we believe. It enables the men to commence making up the first course of their outgoing letters a few minutes after the hour of starting in the morning; gives you a settlement of your entire check work any and every hour of the day; putting your final dif-

EASTERN DIVISION.

Own Town.

350.00
3,475.00
450.50
4,000.00
47.50
50.00
474.75

West. Div.
1st Bordentown (1).

8,847.75

Summary.

(Form 1) Own Town	8,847.75
(Form 2) Western	1,338.79
(Forms 4-A and B) Eastern	20,397.08
	30,583.62

FORM 1 (SIZE 10½x16)

ference into the last few tickets; a batch settlement incorporating an endorsement record; simplifies the settlement, or the finding of difference, if any, for the reason that the debit and credit letters are in juxtaposition.

BATCH SETTLEMENT SYSTEM.

Considering for a moment what is probably the most used method of handling the check work of a bank, viz., the batch settlement system, which consists of sorting say six to sixteen letters into the various sections (Clearing House, Various City, Own Checks and the several Country Sections) and listing and settling by drawing these section totals together, against the summary of the letter totals; now to so settle hundreds of letters requires a large force of men, means the expenditure of a great deal of time and energy and the speed exacted results in a great many errors that must, of course, also be found. A couple of hours are thus spent before final checks get to their respective departments, and totals by which to settle are finally drawn together; and all this to only just prove

several hundred letters that have been proven before they reached you; these checks, too, have all to be written up again, and again looked back to find your own errors. Why not assume that they are all correct, and by an elimination process reduce the search for our troubles to two, three or four batches out of eighteen, saving the time, men and energy and wear and tear on your equipment, in the needless doing of say fourteen batches of from twenty-five to thirty-five letters each, or a total of say four hundred letters? Let the men start making up their outgoing letters first thing in the morning (instead of several hours later), with time to do it once well, find the difference, if any, and quit. This method, you recognize, applies also to the counter stuff, saving one whole listing in the proving of the tickets, as well as the time consumed in the finding of your own errors.

The men are divided into three chains: the first sees that the letters are properly addressed, verifies the first and last checks listed, and notes the no-pro., telegraph, etc., instructions on the items,

EASTERN DIVISION.

Western Div.

447.45
347.50
37.50
47.50
300.00
10.54
13.30
15.00
20.00
100.00

1,338.79

FORM 2 (SIZE 10½x16)

and turns checks and letters over to the second chain. The second chain sorts the items into various divisions (C. H., various city, own checks and the various country sections) and again gives the checks with the letter to that division comprising the third chain, having most checks in it. To illustrate: a letter contains 100 checks, seventy-five, we will say, are on southern States' division, the other twenty-five are on several other divisions, give the whole letter to the southern States' division.

Now this third chain is sub-divided as follows:—an own town division and

EASTERN DIVISION

Letter Summary							
Eastern Div.				Western Div.			
1st Easton		1,747.50		1st. Joliet		1,140.10	
" Trenton		2,442.80		" St. Louis		4,174.00	
" Wilmington		7,505.7		" Milwaukee		1,340.00	
" Auburn		1,847.51		" St. Paul		2,811.15	
" Buffalo		4,747.97		" San Frans		1,543.12	
" Scranton		4,446.11		" Austin, Texas		552.65	
		16,482.26				11,461.02	
Received from				Totals			
own town		1,518.7		Eastern Div		16,482.26	
Western		2,468.47		Western "		11,461.02	
		2,640.34				27,943.28	
						2,640.34	
						30,583.62	

FORM 3 (SIZE 10½x16)

as many country divisions as volume and nature of business make necessary.

The own town division cares for all C. H., V. C. and own checks. A great many letters containing only checks on your own town or letters giving inside totals separately are segregated, when sorting the mail in the morning and promptly turned over to this section to be sorted down and listed in carbon, and settled by the total of the incoming letters, summarized according to the needs of the ledgers. (See Form 3.) The checks on your own bank may also be sorted according to the needs of the individual and general ledgers before listing, thereby getting a total for each at one listing.

The geographical division of the country is necessarily gauged by each individual need or policy. Whether there be three or seven divisions, however, the principle is absolutely the same as in the illustration.

You realize, of course, that as soon as the first and second chains have finished, they promptly join their assigned division in Chain 3, to aid in the listing and settlement.

As the checks and letters come to these various divisions in Chain 3, the checks for the division are promptly sorted down to the collecting point, those for other divisions are turned over to a machine man to be listed in carbon, the original for your own files, the carbon, with the checks, to the proper division, for their records. The C. H., V. C. and own checks are given first consideration, so as to get them as rapidly as possible to the own town section (See Form 1), to avoid delay in making up C. H., or getting runners on the street. These few checks are again called or looked back before being sorted into the work, when not sufficient time remains to settle a country course before the hour of clearing.

Now, when twenty or thirty-five letters, or enough to make a course, have been sorted down, a summary is made of the credit letters (See Form 3), the last letter into it, of course, being the last one into the check sorting. The checks are now listed in carbon (See Form 4-A), and the total of these debit letters, plus the totals of lists for other divisions (See Forms 1 and 2) must

settle with letter-summary. (Form 3.)

Now, as we said above, the principle is the same whether there be two divisions or twelve, so to enable us to economize space, we will make but three divisions in our illustration: an own

checks for the eastern division that have come to the two other divisions, in a settlement of a like batch of letters, and relatively the same as those listed on Forms 1 and 2. These checks are sorted down with the rest of the eastern division checks. (See amounts opposite Figures 2-9 in Forms 4-A and B.)

The totals of these two forms are carried to space provided in lower left hand corner of Form 3. For, inasmuch as these checks go into the total of the outgoing debit letters, they must perforce be added to this incoming letter summary to effect a settlement. While each division, settling individually, has to use all totals on Forms 1, 2, 4-A, 4-B, 5 and 6, against total of Form 3 to put it in balance, you will readily see that in drawing all divisions together for a final total, only the incoming letters and deposit slip totals on the one hand, and the outgoing debit letter

Capital	Name of Bank Town	Surplus
Name of Collecting Bank		
(Carbons are placed between letters and run thru addressing machine a day ahead)		
Find enclosed credit which kindly acknowledge		
(Also protest wire non-payments of items \$5.00 and over		
(Do not protest items \$10.00 under—Deliver documents on payment)		
4774		
35040		
75430		
47440		
47735	(2)	
7547	(6)	
40000		
37504		
47540		
3540		
474		
374		
7540		
10000		
4777		
10000		
10000		
67840		
7540		
50000		
50000		
4750		
55000		
47560		
47500		
4440	(7)	
60000	(8)	
7447		
5430		
30000		
154		
1000		
1000		
3640		
1174779		

FORM 4—A. SIZES AND RULINGS ACCORDING TO NEEDS

town and an eastern and western, and with these and the few small letters summarized on Form 3 endeavor to make clear the simple operation. We assume that all these letters have been given for settlement to the eastern section.

On Form 1 are listed the C. H., V. C. and own bank checks contained in these letters; on Form 2 the checks for the western division, while Forms 4-A and 4-B are the outgoing debit letters, which for the purpose of saving space, you will understand, are here shown on two letters. You appreciate, of course, that a batch settlement of twenty-five or thirty-five incoming letters will total from six to twelve hundred or more checks, sorted down to a great many outgoing letters.

On Forms 5 and 6 are listed the

Capital	Name of Bank Town	Surplus
Name of collecting Bank		
Find enclosed for credit, which kindly acknowledge		

(1) No Protest		Wire non payment of items \$5.00 and over	
Do not protest items \$10.00 under—Deliver documents on payment			
4440			
3750			
6250			
3542			
37750			
45075			
34045	(2)		
47465	(2)		
37540	(6)		
4740			
5040			
3500			
3000			
4745			
4747	(7)		
5000			
4750			
55000			
40756			
5257			
4040			
7247			
35050			
4750			
7400			
7675			
347240			
4745			
6240			
3750			
20000			
464959			

FORM 4—B

totals of each country division, plus the total of the own town division, on the other, are taken, for after each check finds its proper place, it will, of course, be found charged to some country or clearing-house bank or runners' depart-

ment, or to your own teller, and all transfer totals are nil.

An item sorted wrong is simply accepted by division to which it is in error charged, and by them listed on proper form with a notation stating endorser and from which division received. To illustrate: Various city item \$474.75 on Form 6 was charged by western division in error to eastern division; they simply accept it, carry

OWN TOWN.

Eastern Div.

44.40
60.00
47.47

151.87

FORM 5 (SIZE 10½x16)

the total of the list into their summary (Form 3) and properly charge it to own town division, and it is in due time turned over to it for final disposition. (See Form 1-notation 1.)

Form 7 is used by each division to draw totals of the several courses together in concise form for a summary of the day's work. Form 8 is for summary of total debit and credit of all the sections. These figures are, of course, taken from Form 7.

The letter forms are gotten up in various sizes and rulings, according to your need and taste, are well perforated at the top or at the left side to hold the carbon in place and keep the sheets from shifting; all columns are spaced to machines to avoid necessity of shifting letter after once placed into them.

An endorsement record is obtained in the following ways: While in a batch settlement of from twenty-five to thirty-five letters, the endorser noted opposite all even amounts would be sufficient record in most quarters, a fuller one and one that can be done on the machine when listing items is obtained by simply numbering the alphabet A-1 to Z-26, thus Buffalo is No. 2, Washington No. 23. Now have the first two columns on the left of your machine unhooked;—this enables you to list items and print record at one operation without reducing too much the machine capacity. The endorsement number can

be put into the machine from the endorsement on the turn-over of the check, or a boy can be put to stamping the number on the face of the items before they are sorted. The newer adder with the split key device of course gives you this feature, preserving the full machine capacity. The duplex feature on the new machine is also a great aid to speed and accuracy for the reason that you assemble your totals as you proceed, saving the time and avoiding the possibility of error in re-capping all sub-totals.

Errors on incoming letters and slips will turn up each day, but they are so few that they need give us but small concern, particularly when you consider that you here settle the morning mail, for instance, in three courses and say six divisions, making eighteen batch settlements. Now should there be two, three or four differences a day, you will still by elimination save the time, men and energy required to settle the other fourteen batches, totaling probably 400 letters. All differences on incoming letters and deposit tickets can, however,

WESTERN DIVISION.

Eastern Div.

340.45
474.65
375.40
347.75
475.47
474.75

2,488.47

FORM 6 (SIZE 10½x16)

be reduced right down to the addition (and if in the addition, easily found, for they will most frequently be in the hand work on the shorter letters, and not in the larger machine lists), by simply ticking the items with the letter; this can be done with a few men, and faster than the third chain can sort, thus causing no delay, and at one stroke reducing your hunt to the addition on the letters comprising the few settlements in which differences remain after looking back your own work, and at the same time saving, as we said above, the men, energy, wear and tear on equipment, and most of all, the time consumed in proving the letters; and here

note also that in proving these letters a force of men is required and much time consumed in looking for machine errors of your own. Let the men start routing and working up their outgoing letters first thing in the morning, instead of several hours later, assuming the incoming letters are right, until proven wrong by reason of a difference.

If, however, we want to take a chance on the errors in listing, we simply make sure that checks listed are enclosed and only those, by having the second or sorting chain take the count in sorting the checks, and running the eye up the letters, thus proving the number of items on each letter. If the items have to be checked off with the

incoming letters, you can readily see that with the names of towns probably written in on incoming letters, the endorsement on the checks and the amounts on the outgoing letters running pretty well in order, either up or down the sheets, a few men can quickly tick off for a difference.

At the close of the day, the totals are listed from the carbon sheets, on printed machine lists, like Boston system ledger sheets, and from these the ledgers take their charges. These lists may be printed the width of the machines, making five columns. They are subsequently used to tick up letter acknowledgments.

AMERICANS ARE SPENDERS

DURING his short sojourn in Washington, D. C., Monsieur Charles Pranard, of Paris, who is in the United States investigating the problem of housing working people, told the Washington Post that "many workmen in Paris and other French cities own their own homes. They purchase them in many instances through building associations with money saved from average wages of 10 francs or \$2 a day.

"The skilled artisan of France is paid from 1,500 francs to 2,000 francs a year, and in Paris sometimes his pay reaches 3,000 francs, but the average, I should say, is ten francs a day. His ability to save is due, in a large measure, to the cheaper cost of living. It costs about one-third of what it costs in this country for the workman to feed his family, and other necessities of life are about in proportion.

"Very few Frenchmen of the working class own as pretentious and comfortable houses as those that have been pointed out to me in Philadelphia and other cities as the residences of American laborers. I suppose the American is better off than the citizen of any other country. I doubt if he is as frugal as the Frenchman, but then, I am told, it is characteristic of American people to spend money. There are comparatively few unemployed men in Paris or other cities of France, and the general business situation has improved considerably in the last year."

M. Pranard is a deputy of the French Commissioner of Commerce and Labor, which department has supervision of building and loan associations in France. He delivered an address before the U. S. Building and Loan League, at Grand Rapids, Mich., August 2.

GROWTH OF CANADIAN BANKING

THE Canadian banks, with commendable forethought, are preparing for an increase in the issue of their bank credit currency and the necessity for this has caused some criticism of the Canadian bank system. Our Montreal correspondent wires us in regard to this situation:

"The Canadian banks have been and are still increasing their capital and incidentally their circulation, for the precise reason that Canadian business has grown legitimately beyond the opportunity of Ca-

nadian bank capital. The leading banks have already done this, or will within the next few months, to enable them to assist the wonderful development which is in sight."

It is cheering to note that freedom from political agitation in the great nation to the North is allowed the development of a great prosperity under conditions similar to ours, with the exception noted.—"*The Bache Review*."

INVESTMENTS

Conducted by Franklin Escher

STATESMANSHIP AND PROSPERITY

By Frank W. Noxon, Secretary, Railway Business Association

RAILWAY legislation of 1911 in many States, practically completing the process of conferring regulatory power, has come at the same time with a widespread demand for the "recall" of State officials. In what spirit and with what motive will the regulatory power be exercised? In most of the States thus far, and at Washington, such authority is daily exerted by commissioners in an atmosphere of public respect and of acquiescence whichever litigant the decree may sustain. But in at least one State, New Jersey, the first important decision under the new Utilities act was greeted with demands from individuals, organizations and journals for the removal of the commissioners. Even if the public generally shall accept the decisions of regulators, will the decrees be wise as well as popular? Will they be deliberately and continuously such as to preserve the solvency and efficiency of the carriers? Or will the carriers eat in silence the bread of affliction because they cannot help themselves, hoping for the reward of him that ruleth his spirit, but actually suffering a gradual impairment of resources and of the power to grow? In the choice of this dilemma lies a political concern of importance hardly second to any. It may be possible to make at this juncture some practical suggestions addressed especially to those responsible for railways and other large enterprises.

A HOPEFUL CONDITION.

These inquiries are put at a time when a hopeful condition, desirable to be preserved and extended, has been appearing in some of the States. Texas, long habituated to severity toward carriers, is now definitely committed to

what Governor O. B. Colquitt terms a "legislative rest." In Alabama, to quote Governor Emmet O'Neal, he owed his election and the legislators theirs to a "clear, positive and unambiguous mandate by the people for the restoration of * * * moderation and conservatism." After the passage in Illinois this year of an act enlarging the power of the Railroad and Warehouse Commission, Governor Charles S. Deenen announced that "the bill was the result of a conference and agreement between the carrier companies, the people represented by the commission, a committee from the General Assembly, the shippers, the manufacturers, the producers of grain, the employees of the carrier companies." Governor Herbert S. Hadley, in an address to the Legislature, advised the people of Missouri that "they should be careful not to enact harsh or retaliatory measures affecting the railroads. * * * We need," he declared, "more railroads." In several other States which in 1911 enlarged or revised the powers of commissions, there was evident a policy of encouraging the investment of capital, while others where no such change of public sentiment has been manifest, limited railway enactments to a short list (possibly because the stock of restrictions has run out). The carriers by studying to conform their practices to the public desire, and through organized efforts of their friends, have found popular resentment much diminished and have reason to hope for a season of stability of laws.

REGULATION.

These symptoms show that to some extent at least the spirit in which power has been conferred is one of conciliation and coöperation. But in a sense

1857



1911

Statement of Condition at Commencement of Business, Sept. 2, 1911

RESOURCES			
Loans and Discounts		\$36,043,893.28	
Bonds and Mortgages		8,787,072.66	
Due from Banks and Bankers	\$15,538,141.46		
Cash and Checks for Clearing House.....	8,971,869.55	24,510,011.01	
		<u>\$69,340,976.95</u>	
LIABILITIES			
Capital Stock		\$3,000,000.00	
Surplus Fund		5,000,000.00	
Undivided Profits		1,328,809.09	
Reserved for Accrued Interest and Taxes		137,602.58	
Deposits		59,874,565.28	
		<u>\$69,340,976.95</u>	

GENERAL BANKING

Accounts of Banks, Merchants, Firms, Corporations and Individuals Solicited

CANADIAN INVESTMENTS

INVESTMENT TRUST COMPANY
LIMITED

MONTREAL - - - - - CANADA

ACTS AS

Trustee Registrar
Transfer Agent Executor

OFFICERS

K. W. BLACKWELL, **N. B. STARK,**
President *Sec. Treasurer*
J. P. BLACK, **A. J. NESBITT,**
Vice President *Man. Director*

DIRECTORS

K. W. BLACKWELL **R. MACD. PATERSON**
J. P. BLACK **W. M. DOBELL**
JAMES R. WILSON **A. J. NESBITT**

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Municipal and Corporation Bonds

To yield from 4 to 6 per cent.

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Postage Stamp Affixer

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Protects stamps. Protects both employers and employees. Promotes system. Saves time and is sanitary. Always ready and makes attractive mail.

A NECESSITY IN EVERY BANK

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First Mortgage Bonds FOR SMALL INVESTORS

WEEKLY OR MONTHLY PAYMENTS

Government, State and Municipal Issues, also Standard Railroad, Public Service and Industrial Bonds sold in any amount for Cash or on Weekly or Monthly Payments.

Best, Easiest and Safest Way to Provide for Your Future

Circulars 106 on request

Correspondence invited

Resident Representatives Wanted

Funding Company of America

40 Exchange Place, New York

the period of conferring power has come to an end. With forty Legislatures in session, State after State has fitted this year its regulatory machinery with the newer devices recently developed in other States or at Washington. With few exceptions the States have now authorized commissions to determine railway capitalization, rates, service, construction, equipment, hours of labor and number of employees. What power remains to be assumed? Experimental novelty seems to have run its course. The live question now is how shall the power be exercised?—with what motive?—under what influence of public sentiment? Is the typical commissioner to be primarily a public prosecutor or only incidentally that, and first of all a statesman? Will it be his chief concern to find and rectify blemishes or to nourish prosperity?

If the vice of regulation when designed to win temporary popular favor lay only in liability to occasional error or excess we might possess our souls in tolerable security. The mischief is that constructive measures of vital importance to the general prosperity, too long put off and crying for solution, will probably receive little if any serious study from commissioners or legislators if they are to do their work in an atmosphere of present or threatened tumult. It is not the official alone who can be recalled. There may be an insidious recall of his independence and best efforts while he retains the title and emoluments. It is not necessary to prove that any specified activity of a commission is harmful in itself. We may love the violin, and yet concede that Nero selected a queer time to practice. What has been said about railways applies with equal force to business in general. The considerations which political leadership needs to have impressed upon it are general rather than special.

THE POLITICAL LEADER AND THE BUSINESS LEADER.

Our task is to establish a new relation between the political leader and

the business leader. The whole public is vitally concerned in some accommodation which shall bring about two results: First—that railway managers and business men may benefit from the views as to methods of fair dealing held by an element somewhat removed from commercial life—ethical advocates whose influence upon public opinion has been a mark of the time; and second—that such political leaders may profit from the experience of men accustomed to meeting a payroll, balancing a ledger, providing against a future of alternating prosperity and famine.

Men of affairs by an attitude of willingness to take advice and seek coöperation outside their own ranks may help to establish a steady, gradual pace in the elevation of standards, thus avoiding the strain, jolt and waste of progress by explosion. It is to be hoped that there may be an absence of friction between men of large affairs and political leaders of wide influence so that it will be made easy rather than difficult for such leaders to sympathize with the constructive side of business questions and to emphasize it to their following.

NEED OF KNOWLEDGE.

That political leadership stands in need of knowledge is obvious. Three-quarters of a century has not taken the edge off DeTocqueville's dictum that among the necessary services to be rendered to democracy are not only "to purify its morals," but "to substitute a knowledge of business for its inexperience." The function of political leadership at this juncture as affecting business and transportation is to magnify in the eyes of commissioners and legislators what was so well expressed by President Taft when he advocated "the strengthening of confidence of capital in domestic investment"—a theme to which he might well lend more often the potent influence of his great position; a theme the bold and clear enunciation of which by other leaders in both parties, especially those who have caught the popular imagination as pres-

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase.

The Stocks of the older Companies sell, in many cases, as high or higher than the best Railroad Stocks and are more closely held.

We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

SPECIAL CIRCULAR ON REQUEST.

A. H. BICKMORE & CO., Bankers

30 Pine Street, New York

idental possibilities, would send a thrill of encouragement and confidence from one end of the country to the other.

Nobody need be blamed for the past. Let each of us blame himself—none of us has been a fellow-citizen with the saints. For business men the wise course is a frank acknowledgment that the new standards, methods and safeguards were necessary; a generous recognition of the patriotism and service of leaders who have won the public

confidence by independence; an entire readiness to receive as well as to impart knowledge and wisdom. By such an above-board alliance in the public sight and in the public interest national discussion can be concentrated on constructive policies. The mass of our people rarely fail to see the truth and act upon it when told intelligibly by those they trust. They are as much interested as any people in the world in knowing which side their bread is buttered on.

THE RELATION OF MONEY TO SECURITY PRICES

By Robert S. Dana, of Alfred Mestre & Co.

THE value of money, like that of other commodities, is governed by the economic law of supply and demand, and by "value" is meant in this case the rate of interest which money commands. Money, in times of prosperity and active business, is in greater demand and commands a higher interest rate than it does in periods of depression and dullness in trade. It may therefore be said to be the more valuable when it brings the higher interest rate.

There are numerous factors which severally and in combination operate to affect the demand and supply of money

throughout the world and consequently its value. Reports are regularly published by means of which the value of money may be accurately determined. The most important of these are the various items that appear in the weekly statement as issued by the Clearing-House Banks of New York City, the Bank of England discount rate as reported each week and the rates for foreign exchange that are posted from day to day. The reports of the Comptroller of the Currency which appear five times each year and which show the condition of all the national banks in the United States on a specified date may also be

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

GEO. H. WORTHINGTON, President

E. R. FANCHER, Vice-President

G. A. COULTON, Cashier

W. E. WARD, Asst. Cashier

W. C. SAUNDERS, Asst. Cashier

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included, but as New York is the financial center of the country and accounts for nearly sixty per cent. of the total clearings of the United States, the weekly reports of its banks are of relatively greater importance.

NEW YORK BANK STATEMENT.

The New York Bank Statement is issued in two sections. The first shows the average condition of the banks during the week just ended and the second shows the actual condition of the banks at the close of business on the day preceding the date of issue. In analyzing the bank statement, particular attention should be paid to the relative showing made by the loan, deposit, cash and reserve items. By law, a national bank in New York city must maintain a cash reserve equal to twenty-five per cent. of its deposits. As the ratio of reserve to deposits approaches the legal limit, the tendency of call money is to advance. This in turn will attract money from out of town banks to New York, providing money is in good supply outside the city, and the general balance will be restored. If, however, money is in large demand throughout the country as well as in New York, call rates will continue to advance till a point is reached where the liquidation of loans becomes necessary in order to restore the reserve to a normal condition. The New York banks often resort to the importation of gold if financial conditions abroad will permit, in order to strengthen their reserves in time of need. This phase will be discussed at greater

length when foreign exchange is taken up.

LOANS AND DEPOSITS.

The relation of loans to deposits should also be carefully watched. Under normal conditions the ratio of loans to deposits varies between ninety-six per cent. and nine-nine per cent., but during a period of business expansion when money and credit are in constantly increasing demand, loans increase faster than deposits, resulting finally in a considerable excess of loans.

During 1906 and 1907, the ratio of loans to deposits as reported by the New York banks averaged well over 100 per cent. and similar conditions were also apparent in 1902 and 1903. An excess of loans over deposits means inflation and brings about very high rates for time money. This is followed sooner or later by liquidation and decline in security prices which in some cases, as in 1903 and 1907, end in a panic.

CASH AND LOANS.

Another factor which it is well to watch in this connection is the ratio of cash to loans. An increase in deposits does not necessarily mean a corresponding increase in cash. It more often means an extension of credit. For instance: A business man goes to his bank with a note from an out-of-town customer, drawn in his favor, for \$1,000. The bank discounts this note, and the face value is credited to the business man's account. By this pro-

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cess, the bank's loan and deposit items are each increased \$1,000 without the addition of a single dollar in cash. Although the foundation of business is cash, the structure itself is built very largely with credit. A cash dollar is thus made to do the work of a great many credit dollars and as business expands toward inflation, more and more work is put upon these cash dollars, their ratio to the amount of loans outstanding steadily decreases, until finally a point is reached where the strain becomes too great and enforced liquidation is the result. Furthermore, as metallic money is the sole means available for the payment of our foreign obligations, the importance of the cash item and its relation to loans becomes all the more apparent.

THE BANK OF ENGLAND RATE.

The rapid development of trade, transportation, and the telegraph since the Civil War, has brought the money centers of this country into such close relations with those of foreign lands that any events unduly affecting the money markets abroad will sooner or later be felt on this side of the water. The three leading money centers of Europe are London, Paris and Berlin, and of these, London is by far the most important. The principal barometers by which foreign money conditions may be judged are the Bank of England discount rate and the price of foreign exchange. The Bank of England, which is the largest and most important financial institution in the world, publishes a statement of its condition on Thursday of each week, and at the same time announces the minimum rate at which it will discount first class paper. This is the official standard of discount for England, but its influence is felt throughout the financial world. It has

a direct bearing on the movement of gold to and from London. The raising of the rate increases the value of money and tends to draw gold from foreign countries where interest rates for the time being may be lower. Conversely, lowering the rate indicates that England may have gold to spare for export to those countries that are in most urgent need of the yellow metal.

FOREIGN EXCHANGE.

Exchange is the settlement of debt by the transfer of credit. It is employed in making payments at distant points without the transfer of money or bullion. Between two points in the same country this method of payment is called domestic exchange; between different countries it is called foreign exchange. The par of exchange is the relative value of the money of one country to that of another using the same metal as the standard of value.

The par of exchange between this country and England is \$4.8665 gold; that is, one English pound sterling is equivalent to a little more than four dollars and eighty-six cents of our money. The rate of exchange fluctuates according to its supply and demand. If we sell more commodities to England than England sells to us in point of value, the balance of trade is in our favor; if the reverse is true, the balance is against us.

TRADE BALANCES.

The balance of trade as determined by actual imports and exports does not reveal the true condition of affairs. Consideration must be taken of the invisible balance, so-called, which includes among other things the money spent by citizens of either country in traveling or residing in the other; remittances by

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individuals; earnings on capital of either country invested in the other, etc. This invisible balance is always against us and tends to lower the visible balance which is usually in our favor. If the actual balance of trade happens to be in favor of the United States it is obvious that the quantity of exchange available for the settlement of our obligations to England is greater than the quantity of exchange that England has at her command for the settlement of her obligations to us. This condition, all other things being equal, would cause the price of exchange on London to decline, for it is evident that in order to adjust the obligations of the two countries with each other in full, gold would have to be shipped from England to make the accounts balance. If the balance of trade should be against this country, exactly the reverse of the above conditions would be true. Exchange on London would rise, and gold would have to be shipped to England in final settlement.

GOLD IMPORTS AND EXPORTS.

The movement of gold between the United States and England is governed by the price of exchange and to a degree by the rates of interest prevailing in the two countries as well as by the supply of the metal on hand. When exchange on London declines sufficiently below par to warrant a profit in the transaction, bankers here will buy the exchange at its depreciated value and use it at its face value to secure gold in London. By this transaction, gold is in reality purchased below its standard value as money. In buying exchange

for the purpose of importing gold, transportation costs, insurance, etc., have to be figured in, and exchange must decline sufficiently to cover these expenses before any profit can be made.

The situation is reversed when gold is exported. In this case exchange on London must command a premium sufficient to cover costs of shipment and show a profit on the transaction. When such conditions obtain, bankers here sell exchange on London and with the proceeds buy gold at its money value which is shipped to England to close the trade. Under normal conditions, the gold movement tends toward the United States during the period from July to December, while in the period from December to June the movement is normally in the opposite direction. Imports of gold have a direct bearing on the ratio of reserve to deposits, and therefore tend to reduce interest rates especially on call money while exports of gold have the opposite effect.

In the foregoing an attempt has been made briefly to sketch some of the most important factors which govern interest rates and consequently affect the value of money. That the long upward and downward swings of security prices over a period of years are dependent very largely upon money conditions admits of no doubt. A plentiful supply of money is necessary in order to inaugurate a bull campaign of any great proportions in the stock market. A failure in the supply of loanable funds will sooner or later cause a halt in rising prices, followed by liquidation and decline. As money accumulates in the banks to the greatest extent during times of dull business and

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is most largely withdrawn for general business purposes during periods of prosperity, the rise and fall of security prices always precedes or discounts the rise and fall of business.

The investor and the trader, however, wish to forecast the movement of security prices in order to profit thereby. The writer believes that if a systematic study is made of money conditions and particularly of the relation of loans to deposits and cash to loans which can be computed from the items as set forth in the weekly statement of the New York City Clearing-House Banks, the future trend of the stock market may be predicted with a reasonable degree of accuracy. In order to make this point clearer, the course of prices through a "bull" and a "bear" market will be followed and at the same time the ratios between the loan, deposit and cash items will be considered. The period chosen embraces the years 1904 to 1907, inclusive, which is recent enough not to have been forgotten by the great majority of those who are now interested in the stock market.

1904 to 1907.

The bear market of 1903 culminated in December of that year, and after several months of backing and filling the market started on its upward journey the latter part of May of 1904. Meantime, the ratio of loans to deposits which had averaged above 100 per cent. during most of 1903 declined below that figure early in 1904 and at the same time the ratio of cash to loans began to increase. This change indicated to the student of financial conditions that the market was rounding

into shape to support a sustained advance, and if he had bought stocks at any time during the first five months of that year he would have obtained them at close to bottom prices. In May of 1904, the ratio of loans to deposits had declined to about ninety-five per cent., while that of cash to loans had risen to about twenty-eight per cent. The average price of thirty-two active stocks at that time was about seventy-one.

The market advanced almost without interruption until April, 1905, and the average price of the thirty-two statistical stocks reached 106, an advance of thirty-five points. The end of March, 1905, saw money conditions, as indicated by the bank statement, still favorable to higher prices, but the store of gold in this country had been depleted during the preceding four months by excess exports of nearly \$54,000,000.

The rates for call money had advanced sharply and conditions were such that the conservative speculator saw the advisability of converting at least a portion of his paper profits into cash. The market turned downward about the middle of April, and, the movement gathering force, the decline was not arrested until the average price of our thirty-two stocks had declined thirteen points to ninety-three. This intermediate movement occupied about five weeks. The rate for call money had by this time again reached low figures, gold had been coming back to New York in moderate amounts for some time, and money conditions as a whole were favorable to a further rise in prices. The market did not delay in starting upward, and the advance



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was maintained for practically eight months almost without interruption. The extreme high point for the thirty-two stocks was made in January, 1906, at 121, and was fifty points above the level of the starting point of the bull market in May, 1904. This is the highest point on the average these stocks have ever reached.

CULMINATION.

For the first five months of this second upward movement, which started in May, 1905, deposits held above loans and the ratio of cash to loans was maintained at good figures. In September, however, the banks began to lose cash in large amounts, as is always the case at this season of the year, when the crops begin to move. Deposits fell off sharply on account of these cash withdrawals, but loans did not decrease in proportion, with the result that in October they became greater than deposits for the first time since the beginning of the bull market in 1904. In November, the ratio of loans to deposits was about 101 per cent., and in December it had increased to about 102 per cent. Meanwhile, the ratio of cash to loans had declined from twenty-six per cent., in October, to twenty-four per cent., in December. That these money conditions accurately forecasted the culmination of the bull market was subsequently proved to be true. The tremendous momentum that the market had attained during its long upward swing carried it on its course over the first of the new year, and it was not until the middle of

January, 1906, that the highest point was reached.

If the market had been allowed to take a natural course after having reached its high point, it is probable that the resulting decline would not have extended so far nor have resulted so disastrously. Unfortunately, however, this was not the case. The spirit of speculation was rampant, and after an initial decline in the price of the thirty-two stocks of some seventeen points on an average, the market in May, 1906, was taken in hand and advanced about ten points, from which level it declined again two months later, to the low level of the previous May. Stocks were again forced upward, the rise culminating finally in December, the market having reached a level four points below that which was made in January, eleven months before.

THE ACUTE STAGE.

Meanwhile, during all of 1906, money conditions were very much against rising security prices. Loans had kept well above deposits all during this period, and the ratio of cash to loans had averaged about twenty-five per cent. In December, 1906, matters had reached an acute stage. The ratio of loans to deposits was now 105.7 per cent.; that of cash to loans was about 23.6 per cent., and the Bank of England discount rate had been maintained for several weeks at the extremely high figure of six per cent., indicating that foreign money markets were strained. The reserves of the Associated Banks

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in New York had fallen below the legal limit of twenty-five per cent. toward the middle of the month, call money had loaned as high as thirty-six per cent., while prime commercial paper was quoted at from six per cent. to six and one-half per cent.

Only drastic liquidation could remedy such an aggravated situation, and this was what took place. The downward movement once started continually gathered force. Checked temporarily during the late spring and early summer, stocks hesitated, but soon plunged downward again, and it was not until the middle of November, 1907, that the bear market ended in panic and disaster, with the average price of the thirty-two stocks at sixty-eight, or fifty-three points below the high of January, 1906. The ratio of loans to deposits had remained well above 100 per cent. during all of 1907, and it was not until well into February, 1908, that financial conditions reached a point of adjustment favorable to the purchase of stocks for another long swing upward.

THE LONG SWING.

The investor, and especially the trader who operates on margin, should always bear in mind that the stock market is a very sensitive organism and often experiences violent fluctuations, for the most part of relatively short duration, due to causes of a purely technical character, that are in no way related to those underlying conditions which in the end govern the long range of prices. The conservative trader is usually prepared to take advantage of such conditions when they arise and often profits largely thereby.

The foregoing shows how closely the general trend of the market follows changing money conditions. If the investor or trader makes a careful study

of money, as outlined in this article, he should be able to forecast the course of the market, over its long swings, with sufficient accuracy to return him handsome profits, provided he operates in standard stocks of proven merit and makes no commitments that his capital is not amply able to protect.

MAKING BONDS TAX-EXEMPT

THE essential part of the text of the law passed by the New York State Legislature last summer, making it possible for an investor to pay a tax of one-half per cent. and thereby render his bonds tax-exempt, is as follows:

Sec. 331. *Payment of tax on secured debt.* Any person may take or send to the office of the Comptroller of this State any secured debt or a description of the same, and may pay to the State a tax of one-half per centum on the face value thereof, under such regulations as the Comptroller may prescribe, and the Comptroller shall thereupon make an indorsement upon said secured debt or shall give a receipt for the tax thereon, describing said secured debt and certifying that the same is exempt from taxation, which indorsement or receipt shall be duly signed and dated by the Comptroller or his duly authorized representative. The Comptroller shall keep a record of such indorsements and receipts with a description of such secured debt, together with the name and address of the person presenting the same and the date of registration. All secured debts so indorsed or described in such receipt shall thereafter be exempt from all taxation in the State or any of the municipalities or local divisions of the State except as provided in Sections Twenty-four, One Hundred and Eighty-seven,

One Hundred and Eighty-eight, One Hundred and Eighty-nine of this chapter, and in Articles Ten and Twelve of this chapter.*

Sec. 332. *Stamps, how prepared and used.* Adhesive stamps for the purpose

* The exceptions here named relate to taxes of other kinds and reference to them is made simply so as to indicate that there is no intent to repeal any of these other taxes. Section 24 relates to the tax on bank shares, Section 187 to the tax on insurance corporations, Section 188 to the franchise tax on trust companies, Section 189 to the franchise tax on savings banks, Article 10 relates to the legacy tax and Article 12 to the tax of 2 cents a share upon sales and transfers of stock.

of paying the tax provided for by this Article shall be prepared by the Comptroller, in such form, and of such denominations and in such quantities, as he may from time to time prescribe. Upon the payment of the tax provided by this Article upon any secured debt the Comptroller shall affix stamps of the proper denominations, equal in face value to the amount of tax paid, to the secured debt or to the receipt for the tax, and shall cancel the same by the seal of his office or by such other canceling device as he may prescribe.

BULWARKS OF BUSINESS

SOME OF THE ELEMENTS OF INVESTMENT SAFETY IN CORPORATION CONTROL

By Louis Albert Lamb, of A. G. Edwards & Sons

EVERY century has its ideal—its prime motive—its ruling genius—its documentary expression. The ideal, motive, and genius of the Twentieth Century is what we call "THE GAME—BUSINESS."

Briefly the idol and ideal of this century is Business Independence—Freedom to Make a Fair Profit on Capital—Liberty to Create Markets, and to hold them. Scientific economy of production and distribution is the basis of our claim to freedom in a business sense.

This brings us forthwith face to face with the characteristic business type of this business age—the great Corporations, whose stocks and bonds all of us have bought and hold for investment. By necessary sequence, too, the Standard Oil and Tobacco decisions come up in this relation, and every American investor is put to the task of deciding whether he will hold his lot in the destiny of the corporations, or whether he will seek elsewhere safer resting places for his capital.

THE "BILL OF RIGHTS" OF BUSINESS.

Look at the matter as we may, it is hardly open to question that Justice

White's mandates contain the truest expression yet given of the Spirit of this Age. In them we find the "Bill of Rights" of business.

There are many who cavil at the "money-grubbing" traits of our time: they regret the "decay" of the idealities, of the fine art, of the poetry, design, architecture, and what not. All in vain their protests! They are regretting things which are incidental to our era, not the dominant passion of it, not its heart and soul.

"Scientific Business" is the keynote of the Twentieth Century and in the word "Business" there must be included every species of traffic among mankind that has for its purpose and object the production of income from capital. "Business" includes manufacture, transportation, commerce, exploitation of resources, industry and banking in all of their refinements from the least to the greatest. It includes every variety of capital: organic, inorganic, tangible, intangible; material, immaterial; kinetic, potential. No legal boundaries are set beyond which "Business" may not—does not—pass, except those included in the "law merchant," the criminal code, and the doctrine of "public interest."

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THE NECESSITY OF MAKING PROFITS.

But there is a sterner than statute law to which Modern Business must be, and is obedient—the law of “Reasonable Return on Capital.” Obedience to this law was difficult in the past when capital was regarded as purely material in its nature; money, lands, credit and goods. So long as capital was regarded as essentially tangible in its nature there was no possibility of developing “Business” in the sense of its present usage.

The paramount triumph of the Twentieth Century is the conversion of “potential” into present cash value. The modern conception of “good will” capital really distinguishes this age from all other ages; and to this may be traced the dominion and supremacy of “Big Business.” We have learned how to capitalize on a mathematical basis the potentialities of the future. We gather statistics of rainfall for a century past, measure watersheds and contours; then by a formula we deduce the potential horse power of a water course for fifty years to come. That done we capitalize the horse power and proceed to earn dividends on it now.

We pierce the ground with diamond drill holes, analyze the “cores,” and on the knowledge thereby gained we issue capital to represent the ore output of an indefinite future expanse of time.

We put profound men at work studying population and traffic in homogeneous regions and with the knowledge thus obtained we interpolate the hereafter as far as we deem prudent; capitalize the future revenue of the estimated population, and make it useful to pay dividends now. Where hazards enter, we insure them; where exhaustion of material supplies must be compensated, we charge current earnings

with sums ample to amortize the assumed liability. Our practice is scientific, based on careful analysis of past experience; and it is sound beyond reasonable question. Only a revulsion of nature, or a reversal of social habit, can bring to naught our well-laid plans of “Big Business.”

FUTURE PROFITS WELL ASSURED.

We include all this financing of the industrial future, under the modern phase “good-will and probable earning power”; and by the device of Common Stock we draw countless resources of the next century, by proxy, into our own time, use them and make them help pay profits here and now. In this capitalization of intangible—but none the less verifiable and real—values, may be found the essential difference between Business in the Twentieth Century and all previous centuries.

The corporation form of enterprise is the only form under which these things may be done. And it is only by doing them that the ideal of the Twentieth Century may be attained—namely: Business, going on semi-automatically, and producing, constantly, a reasonable return on capital.

But Twentieth Century “Business” does not confine its grasp of potentials to the things of nature or the forces of the earth, air, and water. The modern business regime possesses, has developed, and brought to virtual perfection, a system of psychological forces known as “Advertising.” With this subtle engine, the aggregated capital of the industrial world can go ahead producing goods with almost absolute certainty of enough ultimate consumption to pay the necessary reasonable returns on its investment. “Business” as carried on under corporation control is by no means passive; it is superhuman in its

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activity. Beyond anything ever before known (except in church history) it dominates the mind and will of mankind by suggestion and hypnosis of the most potent kind. If this is doubted, ask any banker how much the name "Keen Kutter" and "Ivory Soap" are worth in spot cash: ask him how much the name "McCormick" is worth on a reaper: ask him how much the word "Uneda" is worth, and so on. Every one of these names is worth millions and will be worth millions more every year they are exploited with printers' ink. Mr. Gillette, he of the razor, will tell you that there is no conceivable limit to the absorption of goods when selling is done by the modern psycho-advertising method.

A NEW DOCTRINE OF "SUPPLY AND DEMAND."

As a matter of fact the American corporations of this Century have done much to set at naught the old notion of a "price-supply-demand" basis of business operations. They have shown that it is possible, by advertising, to create demand where it never before existed; that it is possible, by advertising, to fix and maintain distributive prices; that it is possible to regulate supply and demand without inflicting hardships on the industrial population, and without causing depressions, crises, and panics.

Only one other element of the old political economy remains to consider: the standard of exchange value. In the old political economy gold was the arbitrary fixed point about which prices described rising and falling cycles. The present Corporation tendency is: (1)

to regard "Unit Cost of Production, plus Profit" as the standard of price-value; (2) to maintain that price-value by advertising, and, (3)-to let gold rise and fall as it may. Eventually the price index will be the world's Standard of Values.

Possessed of all its machinery of banking, credit, exchange, and transportation; materials, patents, hereditary skill in management and sales; and advertising facilities of unlimited scope and power, the Corporate Business of this age needed but one thing to insure serenity. That one thing Chief Justice White and his Associate Judges have supplied. The Anti-Trust Act has been adjudged an act for the "protection of property." The "rule of reason" must apply in the application of the Sherman Law by the courts as well as in the control of competition and business warfare by the corporations.

Thus adjusted to the spirit of the age by judicial decree, every sound corporation, honestly managed, becomes an investment center worthy of the attention of all persons with capital.

We believe that Mr. Van Dyke, of New York, is right in saying that "The Securities and Substantial American Railroad and Industrial Corporations are the Most Attractive Investments in the World, irrespective of temporary fluctuations."

In all human likelihood nothing short of a cataclysm will greatly affect the prosperity of most of our great business concerns, and their bonds and stocks, both preferred and common, will enjoy stable average returns, at satisfactory rates, regardless of temporary business lethargy.

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Description.	Dividends paid consecutively.	Present rate maintained.	Average previous period.
Atchison Topeka & Santa Fe com.....	10 yrs.	6%—1 yr.	4.5%—9 yrs.
Atchison, Topeka & Santa Fe pfd.....	12	5 —10	3.1 —2
Atlantic Coast Line com.....	10	6 —1	7.6 —9
Atlantic Coast Line pfd.....	11	5 —10	2.5 —1
Baltimore & Ohio com.....	11	6 —4	4. —7
Brooklyn Rapid Transit capital stock.....	9	5 —1	3. —1
Canadian Pacific com.....	15	9½—1	5.3 —14
Central of New Jersey capital stock.....	22	12 —2	6.5 —20
Chesapeake & Ohio com.....	12	5 —1	1.2 —11
Chicago & Alton pfd.....	10	4 —4	3.7 —6
Chicago, Milwaukee & St. Paul com.....	19	7 —9	4.2 —10
Chicago, Milwaukee & St. Paul pfd.....	44	7 —44	.....
Chicago & Northwestern com.....	33	7 —9	5.8 —24
Chicago & Northwestern pfd.....	33	8 —8	7.2 —25
Colorado Southern com.....	3	2 —3	.....
Delaware & Hudson capital stock.....	30	9 —4	6.3 —26
Delaware, L. & Western capital stock.....	31	20 —1	15.2 —30
Great Northern pfd.....	21	7 —12	5.4 —9
Illinois Central capital stock.....	46	7 —6	7. —42
Kansas City Southern pfd.....	4	4 —3	5. —1
Louisville & Nashville capital stock.....	12	7 —1	5.2 —11
Met. West Side El. (Chicago) pfd.....	1	3 —1	.....
Minn., St. Paul & Sault Ste Marie com.....	8	7 —1	4.3 —7
Minn., St. Paul & Sault Ste Marie pfd.....	8	7 —8	.....
Missouri, Kansas & Texas pfd.....	5	4 —5	.....
Nash, Chattanooga & St. L. capital stock....	7	6 —1	5.1 —6
National Rys. of Mexico 1st pfd.....	3	4 —1	1.5 —2
New York Central capital stock.....	41	6 —1	5.9 —40
New York, Chicago & St. Louis com.....	1	3 —1	.....
N. Y., Chicago & St. Louis 1st pfd.....	11	7½—1	5. —10
N. Y., Chicago & St. Louis 2nd pfd.....	10	7½—1	3.4 —9
N. Y., N. H. & Hartford capital stock.....	38	8 —15	10. —23
New York, Ontario & Western com.....	6	2 —5	4.5 —1
Norfolk & Western com.....	10	5 —1	3.5 —9
Norfolk & Western pfd.....	14	4 —12	2. —2
Northern Pacific capital stock.....	12	7 —6	4.9 —6
Pacific Coast com.....	13	9 —1	4.4 —12
Pennsylvania capital stock.....	55	6 —3	6.4 —52
Philadelphia Co. com.....	13	7 —1	5.6 —12
Pitts. Cin., Chicago & St. Louis com.....	10	6¼—1	3.2 —9
Pitts., Cin., Chicago & St. Louis pfd.....	12	6¼—1	4.3 —11
Reading com.	6	6 —1	3.9 —5
Reading 1st pfd.....	11	4 —8	3.3 —3
Reading 2nd pfd.....	8	4 —7	1.5 —1
St. Louis & San Francisco 1st pfd.....	14	4 —13	2. —1
Southern Pacific.....	5	6 —3	3.9 —2
Toledo, St. Louis & Western pfd.....	4	4 —4	.....
Twin City Rapid Transit com.....	12	6 —1	4.5 —11
Union Pacific com.....	11	10 —4	4.6 —7
Union Pacific pfd.....	13	4 —11	2.5 —2

INDUSTRIALS

Description.	Dividends paid consecutively.	Present rate maintained.	Average previous period.
Amalgamated Copper Co. capital stock.....	12	2 — 3	4.7 — 9
Am Agri. Chemical Co. (6% cum.) pfd.....	12	6 — 12	since organization
American Beet Sugar Co. pfd.....	12	6 — 12	since organization
Am. Brake Shoe & Fdy. Co. com.....	8	7 — 1	3.6 — 8
Am. Brake Shoe & Fdy. Co. (7% cum.) pfd...	9	7 — 9	since organization
American Can Co. (7% cum.) pfd.....	8	5 — 7	2.5 — 1
Am. Car & Foundry Co. com.....	4	2 — 2 $\frac{1}{2}$	3. — 2
Am. Car & Foundry Co. pfd.....	12	7 — 12	since organization
American Cotton Oil Co. com.....	13	5 — 2	3. — 11
American Cotton Oil Co. pfd.....	19	6 — 19	.....
Am. Locomotive Co. (7% cum.) pfd.....	10	7 — 10	since organization
Am. Smelting & Refining Co. com.....	7	4 — 2	6. — 5
Am. Smelting & Refining (7% cum.) pfd.....	12	7 — 12	since organization
Amer. Steel Foundries capital stock.....	1	3 $\frac{3}{4}$ — 1	.....
American Sugar Co. com.....	20	7 — 10	11.6 — 10
American Sugar Co. (7% cum.) pfd.....	20	7 — 20	since organization
American Tel. & Tel. Co. capital stock.....	11	8 — 5	6.4 — 6
American Tobacco Co. com.....	6	40 — 1	27. — 5
American Tobacco Co. (6% cum.) pfd.....	7	6 — 7	since organization
American Woolen Co. (7% cum.) pfd.....	12	7 — 12	since organization
Anaconda Copper Mining capital stock	15	\$2 — 8	\$2.83 — 12
Brooklyn Union Gas capital stock.....	3	6 — 2	5.5 — 1
Federal Min. & Smelt. (7% cum.) pfd.....	8	7 — 8	since organization
Federal Sugar Refining Co. (6% cum.) pfd...	4	6 — 4	since organization
General Electric Co. capital stock.....	12	8 — 9	6.2 — 3
Great Northern Iron Ore Properties.....	4	1 $\frac{1}{2}$ — 1	1. — 3
International Harvester com.....	1	3 — 1	.....
International Harvester (7% cum.) pfd.....	4	7 — 4	.....
Mackay Companies com.....	6	5 — 1	3.4 — 5
Mackay Companies (4% cum.) pfd.....	7	4 — 7	since organization
N. Y. Air Brake Co. capital stock.....	1	3 — 1	.....
North American Co. capital stock.....	2	5 — 1	3 $\frac{3}{4}$ — 1
Pacific Tel. & Tel. Co. (6% cum.) pfd.....	4	6 — 4	since organization
Pressed Steel Car Co. pfd.....	12	7 — 12	since organization
Railway Steel Springs Co. (7% cum.) pfd....	9	7 — 9	since organization
Sears-Roebuck Co. com.....	2	7 — 1	4.5 — 1
Sears-Roebuck Co. (7% cum.) pfd.....	5	7 — 5	since organization
Sloss-Sheffield Steel & Iron Co. com.....	6	3 $\frac{3}{4}$ — 1	5.2 — 5
Sloss-Sheffield Steel & Iron Co. pfd.....	11	7 — 10	5 $\frac{1}{4}$ — 1
Underwood Typewriter Co. (7% cum.) pfd...	1	3 $\frac{1}{2}$ — 1	.....
United Fruit Co. capital stock.....	12	18 — 3	7. — 9
U. S. Cast Iron Pipe & Fdy. Co. pfd.....	9	6 — 1	5.4 — 8
U. S. Express Co. capital stock.....	15	6 — 1	3.8 — 14
U. S. Realty & Imp. capital stock.....	4	5 — 1	4.4 — 3
U. S. Rubber Co. 1st pfd.....	7	8 — 5	6. — 2
U. S. Rubber Co. 2nd pfd.....	6	6 — 5	1.5 — 1
U. S. Steel Corporation com.....	5	5 $\frac{1}{2}$ — 1	2.1 — 4
U. S. Steel Corporation (7% cum.) pfd.....	10	7 — 10	since organization
Virginia-Carolina Chemical Co. com.....	2	5 — 1	3. — 1
Virginia-Carolina Chemical (8% cum.) pfd...	16	8 — 16	since organization
Western Union Tel. Co. capital stock.....	37	3 — 2	5.2 — 35
Westinghouse Electric Mfg. Co. pfd.....	2	10 $\frac{1}{4}$ — 1	5 $\frac{1}{4}$ — 1

COMPARATIVE FIGURES ON THE RAILROAD EQUIPMENT COMPANIES

Compiled by Jackson & Curtis, New York and Boston

American Car & Foundry Company Fiscal Year ends April 30th.	American Locomotive Company Fiscal Year ends June 30th	Railway Steel-Spring Company Fiscal Year ends December 31st	Pressed Steel Car Company Fiscal Year ends December 31st
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BONDS

(1911 Report)	(1910 Report)	(1910 Report)	(1910 Report)
None	Constituent Co.'s \$2,917,500 Gold Notes 6,911,000†	\$3,808,000 (Sinking fund \$135,000 per annum)	\$575,000*

PREFERRED STOCK

\$30,000,000	\$25,000,000	\$13,500,000	\$12,500,000
Non-cumulative 7% dividends paid regularly	Cumulative 7% dividends paid regularly	Cumulative 7% dividends paid regularly	Non-cumulative 7% dividends paid regularly

COMMON STOCK

\$30,000,000	\$25,000,000	\$13,500,000	\$12,500,000
Dividends	Dividends	Dividends	Dividends
1904.... 3%	...	2%	3%
1905.... ...	...	4%	...
1906.... ...	...	4%	...
1907.... 2%	5%	4%	...
1908.... 3½%	5%	3%	...
1909.... 2%	1¼% Aug. '08	...	...
1910.... 2%	...	...	...
1911.... at 2%	... to date	... to date	... to date

Approximate Earnings on Common Stock After Payment of Preferred Dividends.

1901.... 6.55%	...	...	7.27%
1902.... 7.30%	5.00%	...	27.20%
1903.... 16.55%	12.21%	...	13.05%
1904.... 8.00%	14.70%	1.05%	Def. 13.30%
1905.... 1.75%	10.00%	7.45%	• .50%
1906.... 4.50%	17.70%	8.75%	17.25%
1907.... 20.15%	18.45%	8.60%	13.35%
1908.... 20.40%	11.10%	Def. 1.35%	Def. 5.75%
1909.... 2.65%	Def. 3.05%	5.30%	7.65%‡
1910.... 6.65%	1.35%	6.45%	5.55%
1911.... 7.10%	‡	...	...

CURRENT ASSETS—NET

1906.... \$13,460,230	\$12,428,553	\$3,729,300	\$3,164,610
1907.... 17,430,784	18,756,587¶	3,517,816	4,393,806
1908.... 21,703,048	17,125,988¶	2,525,432	3,306,303
1909.... 21,046,625	14,113,303¶	3,107,272	3,976,445
1910.... 21,258,342	16,203,807¶	4,066,539	4,088,450
1911.... 21,112,429	...	...	...

†Since the date of the last report \$911,000 Gold Notes have been paid.
‡1911 Report not yet issued. Newspapers state earnings on common stock of 5% to 6% will probably be shown.

¶Outstanding gold notes not deducted.

*Since the date of the last report \$500,000 Bonds have been paid.

‡Includes \$1,200,000 received from sale of Canada Car Co. Without this item a deficit of 1.95% would be shown.

The reports of the American Locomotive Co., Railway Steel Spring Co. and Pressed Steel Car Co. do not show sinking fund payments and note redemption in income accounts, so probably these were made from surplus.

AMERICAN CAR & FOUNDRY COMPANY

Compared with the other companies above named—

- (a) It has the largest capitalization.
- (b) It has the smallest bonded debt—none..
- (c) It has the largest proportion of net current assets to total capitalization.
- (d) It has the best record of earnings and dividends in recent years.

It has been increasing its steel car building capacity to meet the demand for cars of this make, paying for the increase from surplus earnings.

The common stock sells about 58 and pays 2%.

The preferred stock sells about 118 yielding 5.9%. The 7% dividend is non-cumulative.

The preferred stock sold as low as 78 in 1907 and as high as 123 in 1909.

The common stock sold as low as 24½ in 1907 and as high as 76½ in 1909.

AMERICAN LOCOMOTIVE COMPANY.

Compared with the other companies above named—

- (a) It has the second largest capitalization.
- (b) It has actually and relatively the largest bonded debt.
- (c) It has the second largest proportion of net current assets to total capitalization.

(d) Although for several years before 1908 its earnings were large it has done less well in more recent years, and has stopped all common dividends.

It has been increasing its plant and facilities with the proceeds of \$10,000,000 notes sold in 1906 and 1909, which it is paying off in installments.

It seems to be making a success of its automobile business.

The common stock sells about 41½ and pays nothing.

The preferred stock sells about 109 and yields 6.25%. The 7% dividend is cumulative.

The preferred stock sold as low as 83 in 1907 and as high as 122 in 1909.

The common stock sold as low as 29 in 1910 and as high as 75¼ in 1907.

RAILWAY STEEL-SPRING COMPANY

Compared with the other companies above named—

- (a) It has next to the smallest capitalization.
- (b) It has actually and relatively next to the largest bonded debt.
- (c) It has the smallest proportion of net current assets to total capitalization, but recent years show gains in this respect.
- (d) Its record of earnings shows considerable steadiness, though there have been no common dividends since 1908.

Owing to the fact that it does much repair work, and makes parts which are used in maintaining old cars, its earnings hold up well even in years of decreased general business.

The common stock sells about 37 and pays nothing.

The preferred stock sells about 102 and yields 6.35%. The 7% dividend is cumulative.

The preferred stock sold as low as 72 in 1907 and as high as 109 in 1909.

The common stock sold as low as 21½ in 1907 and as high as 57½ also in 1907.

PRESSED STEEL CAR COMPANY

Compared with the other companies above named—

- (a) It has the smallest capitalization.
- (b) It has actually and relatively next to the smallest bonded debt—now only \$75,000.
- (c) It has next to the smallest proportion of current assets to total capitalization.
- (d) Its earnings have shown violent fluctuations, being very large in some years, and worse than those of any of the others at other times.

It has to some extent increased its capacity, paying for the increases from earnings.

The common stock sells about 37½ and pays nothing.

The preferred stock sells about 102½ and yields 6.85%. The 7% dividend is non-cumulative.

The preferred stock sold as low as 64 in 1907 and as high as 111¾ in 1909.

The common stock sold as low as 15¾ in 1907 and as high as 56 in 1909.

Specialists in Underlying Railroad Bonds

POUCH & CO.

MEMBERS N. Y. STOCK EXCHANGE

40 WALL STREET, N. Y.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to September 18, 1911.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	...
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So. R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	105	109
Beech Creek (N. Y. Central)	90	96
Boston & Lowell (B. & M.)	214	219
Bleeker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	25
Boston & Albany (N. Y. Cen.)	220	224
Boston & Providence (Old Colony)	294	...
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	124	140
Brooklyn City R. R. (Bk. H. R. Co.)	161	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Catawissa R. R. (Phila. & Read.)	109	...
Catawissa R. R. 2d pfd.	109	...
Cayuga & Susquehanna (D.L.&W.)	212	218
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	10	20
Christopher & 10th St. R. R. Co. (M. S. R.)	100	120
Cleveland & Pittsburg (Pa. R. R.)	166	169
Cleveland & Pittsburg Betterment	33	97
Columbus & Xenia	202	210
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	165
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	268	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	185	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	92	95
East Pa. (Phila. & Reading)	125	135
Elighth Av. St. R. R. (M. S. R. C.)	260	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	135	145
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	126	132
Franklin Tel. Co. (West. Union)	35	45
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	260	266
Gold & Stock Tel. Co. (W. U.)	110	115
Grand River Valley (Mich. Cen.)	115	120
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	95	102
Illinois Cen. Leased Lines (Ill. Cen.)	90	96
Jackson, Lans. & Saginaw (M. C.)	83	88
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	136	142 1/2
Kan. C. Ft. Scott & M., pfd. (St. L. & S. F.)	72	78
K. C. St. L. & C. pfd. (Chic. & Al.)	120	135
Lake Shore Special (Mich. S. & N. Ind.)	320	340
Little Miami (Penn. R. R.)	309	...
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	160
Mine Hill & Schuylkill Hav. (F. & R.)	124	...
Mobile & Birmingham pfd. 4% (So. Ry.)	68	78
Mobile & Ohio (So. Ry.)	78	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	168	173

	Bid.	Asked.
Nashville & Decatur (L. & N.)	180	190
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	115
N. Y. & Harlem (N. Y. Central)	285	300
N. Y. L. & Western (D. L. & W.)	117	122
Ninth Av. R.R. Co. (M. St. Ry. Co.)	140	150
North Carolina R. R. (So. Ry.)	163	170
North Pennsylvania (Phila. & R.)	198	...
North R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	108	114
Nor. & Wor. pfd. (N.Y.N.H.&H.)	210	...
Ogden Min. R.R. (Cen.R.R.of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	185	190
Oswego & Syracuse (D. L. & W.)	205	215
Pacific & Atlantic Tel. (W. U.)	65	68
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	60	70
Pitts. Ft. Wayne & Chic. (Pa. R. R.)	164	168
Pitts. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts. & North Adams (B. & A.)	127	134
Pitts. McW'port & Y. (P. & L. E. M. S.)	121	126
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	180	190
Rome, Watertown & O. (N.Y.Cen.)	116	120 1/2
Saratoga & Schenectady (D. & H.)	160	...
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. St. Ry. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	105	110
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	123	...
Utica, Chen. & Susq. (D. L. & W.)	143	146
& O.)	165	170
Utica, Chen. & Susq. (D. L. & W.)	144	147
United N. J. & Canal Co. (Pa.R.R.)	241	244
Valley of New York (D. L. & W.)	117	123
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D. L. & W.)	163	168

SHORT TERM SECURITIES.

Quoted by A. M. Kidder & Co., 5 Nassau St., New York.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; Interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Clg. 4s, "B" Mar. 15, '12.	99 1/2-100 1/4	5.10
Bethlehem Steel 6s, Nov., '14.	100 1/4-100 1/2	5.60
B. R. & P. Equip. 4 1/2s, '13.	99 1/2	5.25
Chic. & Alton 5s, Mar. 15, '13.	99 1/2-99 3/4	5.25
C. H. & D. 4s, July, '13.	98 1/2-98 3/4	5.05
Diamond Match 5s, July, '12.	100	5.00
K. C. R. & L. 6s, Sept., '12.	94-97	6.50
Maine Central 4s, Dec., '14.	99-100	4.25
N. Y. C. Equip. 5s, Nov., '14.	101 1/4-102 1/4	4.15
N. Y. C. Equip. 5s, Nov., '16.	102 1/4-103 1/4	4.15
N. Y. C. Equip. 5s, Nov., '19.	104 1/4-105 1/4	4.15
N.Y.N.H.&H. 5s, Jan., '12.	100 1/2-100 3/4	3.98
No. American 5s, May, '12.	100-101	5.00
St. L. & S. F. 4 1/2s, Feb., '12.	98 1/4-98 3/4	5.60
Southern Ry. 5s, Feb., 1913.	99 1/2-100 1/4	5.45
Tidewater 6s, June, '13.	101 1/2-101 3/4	5.35
Western Tel. 5s, Feb., '13.	100 1/4-100 3/4	5.20

INACTIVE RAILROAD STOCKS.

Quoted by A. M. Kilder & Co., 5 Nassau St., New York.

	Bid.	Asked.
Ann Arbor, pref.	65	80
Arkansas, Oklahoma & Western....	10	10
Atlanta & West Point	130	140
Atlantic Coast Line of Conn.....	240	252
Buffalo & Susquehanna, pref.....	7	10
Central New England .....	...	...
Central New England, pref.....	...	...
Chicago, Burlington & Quincy.....	200	210
Chicago, Indianapolis & Louisville....	60	60
Chicago, Ind. & Louisville, pref.....	60	60
Cincinnati, Hamilton & Dayton....	35	50
Cincinnati, Ham. & Dayton, pref....	65	70
Cincin., N. O. & Tex. Pac.....	140	...
Cincin., N. O. & Tex. Pac., pref.....	105	...
Cincinnati Northern	40	50
Cleveland, Akron & Columbus.....	70	84
Cleve., Cin., Chic. & St. L., pref....	92	95
Delaware	42	46
Des Moines & Ft. Dodge, pref.....	30	40

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhodes & Company, Bankers
Dealers in Investment Securities, 45 Wall
St., New York.

Name and Maturity	Price.	Yield.
U. S. Gov. reg. 2s, 1930.....	100½-100%	1.97
U. S. Gov. reg. 3s, 1918.....	101½-102	2.67
Panama Canal, reg. 2s, 1936.....	100½-100%	1.97
Dist. of Columbia 3-65s.....	104½-105½	3.08
New York City 4½s, 1957.....	108½-109	4.06
New York City 4½s, 1917.....	102½-103	3.98
New York City 4s, 1959.....	98½-100	4.00
New York City 4s, 1955.....	99½-99¾	4.01
New York City 4½s, 1960.....	102½-102¾	4.11
New York City 4½s, 1930-1960.....	102½-102¾	4.05
New York State Canal 4s, 1960.....	103½-103¾	3.85
New York City 3½s, 1954.....	88-88½	4.06
New York State 4s, 1961.....	103-103½	3.85
Alabama 4s, July, 1956.....	103½-104¾	3.75
Panama 3s, 1901 (new issue).....	102½-102¾	2.85
Colorado 4s, '22 (op. '12).....	99-100	4.00
Connecticut 3½s, Apr. '30.....	98-102	...
Louisiana 4s, Jan., 1914.....	98½-99	4.10
Massachusetts 3½s, 1940.....	93¾-94	3.88
New York State 3s, '59.....	100½-101½	2.95
Tenn. New Settlement 3s, '13.....	97-97½	4.15
Va. 6s, H. B. & Co. etfs., 1871.....	50½-55	...
Boston 3½s, 1929.....	92½-95	3.95

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New
York Stock Exchange, Brokers and Dealers
in Investment Securities, 43 Exchange Place,
New York City.

	Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J 50 60
Bway Surf Ry 1st 5s.....	1924	J&J 101½ 103
Bway & 7th Av stock.....	...	120 140
Bway & 7th Av Con 5s.....	1943	J&J 99 102
Bway & 7th Av 2d 5s.....	1914	J&N 99 101
Col & 9th Av 1st 5s.....	1933	M&S 98 100
Christopher & 10th St.....	...	QJ 90 110
Dry Dk E B & Bat 5s.....	1932	F&D 97 99
Dry Dock E B & Bat Ctfs 5s	1914	F&D 30 40
Lex Av & Pav Fy 5s.....	1922	M&S 98 100
Second Av Ry stock.....	...	8 11
Second Av Ry Cons 5s.....	1948	F&A 40 48
Sixth Av Ry stock.....	...	120 128
South Ferry Ry 1st 5s.....	1919	J&D 85 90
Union Ry 1st 5s.....	1942	F&A 101½ 103
Westchester El Ry 5s.....	1943	J&J 65 75
Yonkers Ry 1st 5s.....	1946	A&O 75 80
New Amat Gas Cons 5s.....	1927	J&J 101½ 102½
Central Union Gas 5s.....	1927	M&S 101½ 103
Equitable Gas Light 5s.....	1930	J&J 101½ 105
N Y & E R Gas 1st 5s.....	1944	J&J 103 107
N Y & E R Gas Con 5s.....	1945	J&J 99 101
Northern Union Gas 5s.....	1927	M&N 100 102
Standard Gas Light 5s.....	1930	M&N 102 105

	Bid.	Asked.
Westchester Light 5s.....1950	J&D	104 105
Bklyn. Ferry Gen. 5s.....1948		15 24
Hoboken Fy 1st mtg 5s.....1946	M&N	104 107
NY & Bkn Fy 1st mtg 5s.....1911	J&J	90 96
NY & Hobok Fy Gen 5s.....1946	J&D	98 99
NY & East River Fy.....	QM	15 25
10th & 23d St Ferry.....	A&O	30 40
10th & 23d St Fy 1st 5s.....1919	J&D	55 60
Union Ferry	QJ	21 24
Union Ferry 1st 5s.....1920	M&N	97 100

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Invest-
ment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17.....	4%	4%
Buff., Roch. & Pitts. 4½%, Apr., '27	4%	4%
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13.....	4½	4½
Ches. & Ohio 4%, Oct., '16.....	5	4½
Chic. & Alton 4%, June, '16.....	4%	4%
Chic. & Alton 4½%, Nov., '18.....	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5%	4½
Del. & Hud. 4½%, July, '22.....	4½	4½
Erie 4%, Dec., '11.....	5	4½
Erie 4%, June, '13.....	5½	4½
Erie 4%, Dec., '14.....	5	4½
Erie 4%, Dec., '19.....	5	4½
Erie 4%, June, '16.....	5	4½
N. Y. Cent. 5%, Nov., '11.....	4%	4½
N. Y. Cent. 5%, Nov., '13.....	4%	4½
No. West. 4%, Mar., '17.....	4%	4%
Pennsylvania 4%, Nov., '14.....	4½	4½
So. Ry. 4½%, Series E, June, '14.	5½	4%

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real
Estate Securities, 42 Broadway, New York.

Realty Bonds.

Bonds are all traded in (and accrued interest).

	Bid.	Asked.
American Real Estate Co., Gold 6% 90	98	...
Broadway Realty Co., 1st Mtg. 5%.....	101	104
Broadway Realty Co., 2d Mtg. 5%.....	...	80
Estates of Long Beach, 6%	75	80
Greeley Square Realty Co., 5%.....	...	85
Hotel Rector, 2d Mtg., 6%, 1919.....	...	85
Improved Property Holding Co. of N. Y., 6%, Series A	102	105
Improved Property Holding Co. of N. Y., 6%, Series B	95	100
Mortgage Bond Co. 20 yr. 4%	85	90
Monaton Realty & Inv. Corp., 6%.....	...	95
Murray Hill Plk., 1st Mtg. Guar. 6% 99	100	100
N. Y. R. E. Sec. Co., Gold Mtg. 6% 98	100	100
N. Y. Realty Owners, Guar. 6%.....	90	92½
Queensboro Corp., Part. 5s	94	100
U. S. Realty & Imp. Conv. Deb. 5% 88	90	90

Realty Stocks.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co., com. 5%	...	200	...
Ackerson, T. B. Co., pfd. 8%	...	98	100
Alliance Realty Co., 8% Q. Apr. 120	125	...	...
Bond & Mtg. Guar. Co. 12% Q. Feb. 215	250	...	...
City Investing Co., com.....	...	47	51
City Investing Co., pfd. 7% .....	...	94	98
City & Sub. Homes Co. 4% June & D. 8	...	...	...
Lawyers Mortgage Co., 12% Q. Jan. 250	256	...	...
Lawyers T. I. & T. Co. 12% Q. Jan. 238	243	...	...
Monaton Realty & In- vesting Corp., pfd.....	10%	80	100
N. Y. Mtg. & Sec. Co., 12% Q. Jan. 210	216	...	...
N. Y. R. E. Sec. Co., Conv., 1st pfd.	7%	99	100
Realty Associates	6% J. & J.	109	114
Second United Cities Rlty Co., Ser. A, pfd. 5%	...	...	75
Title Guar. & Trust Co. 20% Q. May 480	495	...	...

*6% extra dividend 1919. †Par value \$10.

COAL BONDS.

Quoted by Frederic H. Hatch & Co., Dealers
in Investment Securities, 30 Broad St., New
York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	83	87
Cahaba Coal Min. Co. 1st 6s, 1922.	105	106
Clearfield Bitum. Coal 1st 4s, 1940.	70	80
Consolidated Indian Coal 1st Sink- ing Fund 5s, 1935	79	84
Continental Coal 1st 5s, 1952.	95	100
Fairmount Coal 1st 5s, 1931.	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951.	99	101
Monongahela River Con. Coal & Coke 1st 5s, 1949	109	113
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	100

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, Bankers,
Members New York Stock Exchange, 44 Pine
St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101	101½
Amer. Steel Foundries 4s, 1923.	65	67
Amer. Steel Foundries 6s, 1935.	100	102
Bait. & Ohio, Southwest. Dis. 3½s.	90	91
Bethlehem Steel 5s	92	93
Chic., Burlington & Quincy Gen. 4s.	96	96½
Chic., Burl. & Quincy Ill. Div. 4s.	98	99
Chic., Burl. & Quincy Ill. Div. 3½s.	87½	88
Cin. Hamilton & Dayton 4s	90	91
Denver & Rio Grande Refng 5s.	85	86
Louis. & Nashville unftd 4s.	98	99
Mason City & Ft. Dodge 4s	83	85

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall
St., New York.

	Bid.	Asked.
German Govt. 3½s	92	93
German Govt. 3s	82½	83½
Prussian Consols 4s	101½	102½
Bavarian Govt. 4s	100½	101½
Saxony Govt. 3s	82½	83½
Hamburg Govt. 3s	80½	81½
City of Berlin 4s	100	101
City of Cologne 4s	100	101
City of Augsburg 4s	99½	100½
City of Munich 4s	99½	100½
City of Frankfurt 3½	92	93
City of Vienna 4s	94	95
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	91½	92½
French Rente 3s	94½	95½
British Consols 2½s	77½	78½

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and
Dealers in Miscellaneous Securities, 33 Wall
St., New York.

	Bid.	Asked.
Adams Express	211	219
American Brass	120	124
American Chile com.	220	210
American Chile pref.	101	106
American Coal Products	94	97
American Express	212	216
American Gas & Electric com.	56	58
American Gas & Electric pref.	42	44
Babcock & Wilcox	100	102
Borden's Condensed Milk com.	122	121
Borden's Condensed Milk pref.	106	108
Rush Terminal	90	100
Childs Restaurant Co. com.	175	...
Childs Restaurant Co. pref.	113	117
Del. Lack. & Western Coal	305	320
E. W. Bliss com.	75	80

Bld. Asked.

E. W. Bliss pref.	122	130
General Motors com.	39	42
General Motors pref.	82	84
Gray National Telautograph	5	9
Hall Signal com.	8	13
Hudson & Manhattan com.	13	17
International Nickel com.	237	243
International Nickel pref.	98	100
International Silver pref.	114	120
Kings Co. E. L. & P.	122	127
Otis Elevator com.	67	73
Otis Elevator pref.	98	101
Pacific Gas & Electric com.	66	68
Pacific Gas & Electric pref.	86	89
Penn. Water & Power	50	56
Phelps, Dodge & Co.	200	215
Pope Manufacturing com.	55	65
Pope Manufacturing pref.	68	78
Producers Oil	75	90
Royal Baking Powder com.	195	202
Royal Baking Powder pref.	105x	108x
Safety Car Heating & Lighting	117	121
Sen Sen Chiclet	127x	132x
Singer Manufacturing	252	262
Standard Coupler com.	40	45
Texas & Pacific Coal	96	102
Thompson-Starrett com.	120	130
Thompson-Starrett com. (& cert.)	140	150
Thompson-Starrett pref.	100	110
Tri-City Railway & Light com.	28	33
Tri-City Railway & Light pref.	90	95
U. S. Express	89	93
U. S. Motor com.	29	30
U. S. Motor pref.	69	71
Union Typewriter com.	26	40
United Cigar Stores	220	235
Virginian Railway	15	25
Wells Fargo Express	140	146
Western Pacific	10	15
Western Power com.	27	30
Western Power pref.	57	60
Worthington Pump pref.	106	110

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers,
Members of the New York Stock Exchange,
24 Broad St., New York.

	Bld.	Asked.
Guanajuato Power & El. Co. com. 30	30	33
Bonds, 6%, due 1932 (Int.)	90	95
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	70	75
Arizona Power Co. bonds, 6%, due 1933	83	87
Arizona Power Co. pref.	57	...
Arizona Power Co. com.	18	22
Great Western Power Co. bonds, 5%, due 1946	85½	86
Mobile Elec. Co. bds. 5%, due 1946	84	85
Mobile Elec. Co. pref., 7%, ex-div.	90	95
Mobile Elec. Co. com.	...	...
Amer. Power & Lt. Co. pref., 6%	82	83
Amer. Power & Lt. Co. com.	74	76

PRACTICAL BANKING CONTRI-
BUTIONS WANTED

HELPFUL articles relating to the every-
day work of banks savings banks
and trust companies are desired for publi-
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Short, bright paragraphs, telling in a clear
and interesting way of some of the methods,
systems and ideas employed in the most
progressive banks of the country, will be
especially welcome.

Contributions accepted by the editor will
be paid for on publication.

KNICKERBOCKER TRUST COMPANY BUILDING IN CENTRE OF NEW YORK'S FINANCIAL DISTRICT

THE new building erected by the Knickerbocker Trust Company of New York at the corner of Broadway and Exchange place, and reproduced as a frontispiece in this issue of *THE BANKERS MAGAZINE*, is one of the most prepossessing of all the skyscrapers situated on the lower end of Manhattan Island.

It was originally planned by the architects, McKim, Mead and White, as a twenty-two story bank and office building, but when erected in 1908, the demand for office room in the downtown district was not lively and it was topped off after eight stories had been constructed.

In 1910 the George A. Fuller Company was given a contract to add fourteen additional stories, and this work was completed early this year without any interruption to business or inconvenience to the tenants of the original eight stories.

The land on which this building stands formed the southern portion of the old Consolidated Exchange. It has approximately a frontage of sixty feet on Broadway and a depth of one hundred and twenty-one feet on Exchange place. The Knickerbocker Trust Company bought the plot in 1906 for about \$1,700,000.

YOUR SUCCESS

LET us make a little suggestion that may perhaps go a long way toward making you a success. We want to explain briefly a plan by which you can get the maximum service from our bank.

We suggest that hereafter you bring your pay check direct to our bank and deposit it in a *checking* account, and then pay your bills by writing checks. Then after you have written the checks if you manage carefully you will have a little something left over. Now deposit what is left over in a *savings* account where we will pay you three per cent. compound interest.

Why not try this plan? Paying by check improves your credit, the checks are the same as receipts, and then besides, you can always call at the bank and get your

cancelled checks back and figure out what you spend your money for. Without a checking account you can't figure out at the end of the year where all of your money went. With a checking account, you can. *Try it.*

The money you put in the Savings account is an investment. It pays you good interest and helps you to get ahead in the world and makes it possible for you to have something to fall back on in case of need. *Try this also.*

All of this costs you absolutely nothing and it doesn't make any difference to us how small your account is. We have lots of accounts that began with one dollar.—“The Banker”, First National Bank of Joliet, Ills.

LOW EFFICIENCY ON MONDAY

AS a result of certain tests and experiments made by European industrial concerns, the fact seems to be very well established that production is lower upon Monday than on any other working day of the week. For instance, in a Dresden bottle factory, the amount of work done on Monday, just after the so-called “day of rest”—as ascertained from workmen's time cards—is twenty-nine per cent. less than the average of the work done on the other five days of the week. In an umbrella factory in Cologne Monday's work is less by sixteen per cent., and in an iron works the figure is eight and one-half per cent. In mines the difference in the amount

of work accomplished is very much greater, the turn-over being only about half.

These facts are also applicable to American business. It is well known that in many American business houses not alone as applied to factories, but it is indisputable that in offices, in spite of the fact that Monday's incoming mail is in many instances double that of other days, less actual work is done by the heads of departments and clerks. This has generally been accounted for by the fact that the interruption of the routine by the day of rest throws both officials and employees out of their swing or their stride, and it takes the better part of Monday to get into it again.—The Executive Economist.

SAFE DEPOSIT

SAFEGUARDING TREASURE

MUCH has already been written about the subject of safeguarding treasure, but it is desirable to present the case anew from time to time to take cognizance of improvements made in safe and vault construction, which are intended to better them as regards security, convenience, and appearance. The development of the burglar's art and aids also call for consideration as to their importance, and the danger they work to stored money, as well as to the defence offered to such developments by the latest safes and vaults.

In definition, it may be said that a safe is generally smaller than a vault, is portable and its contents are put in and taken out by a person who remains outside. A vault is larger, is generally intended to be moved after erection, and is entered by passage through the door, in ordinary use.

As is often the case in dealing with the unknown, imagination plays an important part in deciding upon a safe or vault. This faculty is sometimes played upon by the seller, as belittling the dangers to which modern vaults are exposed, which might be taken by the banker to be an indication of lack of confidence in the strength of the seller's goods. As one result, heavier and heavier vaults, with thicker and thicker doors and walls, have been made. It is, of course, the part of wisdom to have a good margin of strength beyond that of any structure that has been burglarized, but the very heavy doors that are sometimes bought cannot be justified by fear of burglary, though they may be as advertisements, or means of attracting business. The average layman while looking at an open vault sees little but the edge of the door, showing the thickness thereof, and the bright metal trimmings, whose beauty is often but skin deep. All steel or iron looks alike to him.

The fundamental features of burglar-proof safe and vault manufacture are, first, the ordinary recognized requirements as to capacity and convenience; second, the nature of the attack which it must resist; third, the material of which it is to be made, and, fourth, the means and methods for securing the component parts in place. An impregnable line of resistance should be presented to the burglar at every point.

CONDITIONS OF USE.

Convenience and ease of locking and unlocking a safe or vault usually come first in importance to the man who uses it. While theoretically security should have the

first consideration, yet sympathy, if not approval, must be felt for the cashier who year after year has opened, closed and used an inconvenient or badly working safe, if he in getting a new one lays less stress on the degree of security and more on the other features than he should.

METHODS OF ATTACK.

Following our subject it will help our understanding to review the dangers which confront a safe and threaten its integrity. These dangers vary greatly in degree.

First, comes the expert safe tester or opener, who has unlimited means and an accurate knowledge of the safe he is dealing with, both as to materials and construction and freedom from interruption. Under these conditions he is by far more formidable than any burglar, and any safe which will not yield to him its contents after a three hours' attack may be used with confidence that it will not be burglarized.

Next is the bank burglar, who has learned his trade from others in the field, or from conversation in jail, or prison. He works under great disadvantages in every way as compared with the expert, so that his task is made thereby much more difficult. Still, if not interrupted or stopped by force, he usually gets the contents of any laminated safe (built up of steel or iron plates) that he attacks.

Just what defines an attack on a safe as burglarious when made by others than burglars cannot, strictly speaking, be stated. No matter what amount of time, tools, and explosive may be allowed as limiting a burglarious attack, it cannot be demonstrated that a burglar or mob could possibly use more. To make a safe or vault which will withstand any attack that may be made by a gang of burglars, is a very simple thing. Thousands of safes are now in use which meet that requirement. Probably no gang of burglars ever worked forcibly three hours or ever fired as much as a pound of nitroglycerine on any one safe. The few ounces used is generally sufficient.

It is conceivable, nevertheless, that a gang might work on a safe in a vault from Saturday night to Monday morning, or they might use on it twenty pounds of nitroglycerine, an attack to which no safe has ever been subjected. Or they might work by stealth for months on the wall or floor of a vault to which they could get access. The actual burglarious record is, however, believed to be the piercing of a soft steel vault wall one-fourth of an inch thick, and

How to Get Proper Plan and Construction for Your Vault

Do you know what an expert burglar could do to your vault if he tried ?

Are you relying upon "electric protection," or have you a *real* vault ?

At the present time this office is engineering over \$1,500,000 worth of vault work, on a purely professional basis.

We have nothing to sell but our services as expert bank vault engineers. The advice we give is absolutely impartial and thoroughly dependable. It insures the best possible vault construction for those who employ us.

The cost of our services is more than made up by the economics we are able to effect and by the better results obtained. In the matter of getting estimates on uniform specifications, our aid is particularly beneficial to the bank about to install a new vault.

Proper design is all-important because it affords the maximum of security at a minimum of expense.

Our method is the right way—and the only way—to secure proper design in vault construction.

On request we will be pleased to furnish you with full particulars concerning our work and a list of several score banks for which we have done work, and to which we can refer you as to the value of our services.

FREDERICK S. HOLMES

BANK VAULT ENGINEER

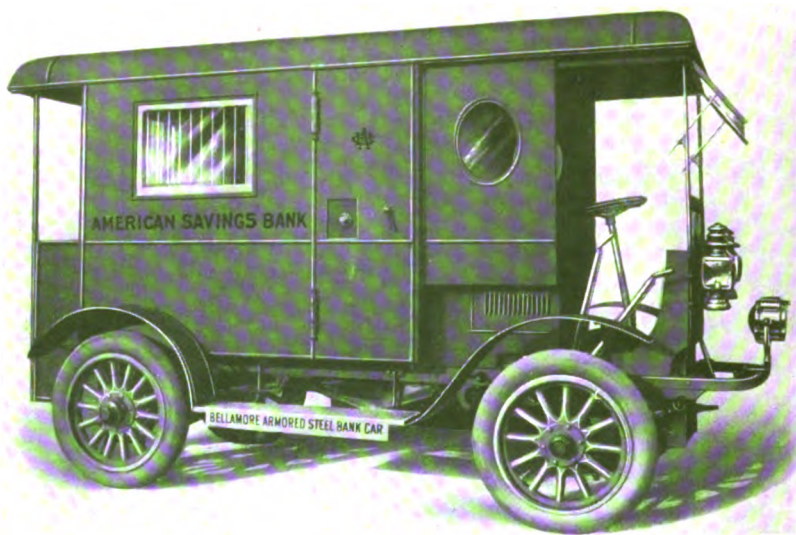
No. 2 RECTOR STREET, NEW YORK CITY

Bellamore

Armored Steel Bank Car

A BANK ON WHEELS

Brings to the door of every depositor all the conveniences of a bank. NO RISK for money and securities in transit



Armored Steel Motor Bank Car Type 11 VC. Side View

Amongst the many uses of the Bellamore Armored Steel Bank Car are the following:

- The collection of heavy deposits.**
- The delivery of pay-roll-money to factories.**
- The delivery of large sums of money to customers.**
- The transportation of bullion.**
- The carrying of money and securities between branch institutions.**
- The collection and delivery of valuables for safe deposit.**

Descriptive booklet and prices on application.

Bellamore Armored Car & Equipment Company
286 FIFTH AVENUE, NEW YORK

the opening or demolition, by the use of nitroglycerine, of steel safes of the laminated type of construction, having doors up to forty-eight inches high or twenty inches in diameter and four inches thick.

It must always be remembered that a burglar follows his profession solely for profit; that is, for good money—not torn, burnt, or smoked—which he can spend without risk. Such glory as he wins among his fellows would never tempt him to assume the risk attending an unprofitable job.

A third method of attack to consider is

store and railroad station safes, as well as post-offices.

Fifth, and lastly, comes the sneak thief, who does not resort to force at all. The common fire-proof or office safe, with a good combination lock, will preserve its contents from him.

BURGLAR'S AIDS.

The following table classifies the burglar's aids, some of which are real and some imaginary:

Burglar's Aids	Real	Obsolete	Various mechanical safe-breaking devices	
			Lock picking	
		Active	Mechanical	<ul style="list-style-type: none"> Drill Jimmy Jarring
			Explosive	<ul style="list-style-type: none"> Gun Powder Nitroglycerine
		Imaginary	Mechanical	<ul style="list-style-type: none"> Bolt sheering devices Puncture by artillery
			Chemical	<ul style="list-style-type: none"> Acids, dissolving the metal to allow an explosive to be introduced. Fusion or heating <ul style="list-style-type: none"> Electricity Thermit Oxy-acetylene blow-pipe

that of the mob. Just how serious such an attack would be is largely a matter of conjecture, as statistics do not record a single one. It may be imagined that a clever safe-cracker might take advantage of the fact that a mob was in power in a city, and the ordinary protection of law had broken down, and induce them to ensure him freedom from interruption while he worked on a safe, by the hope that they would share in the money it contained. The danger of such an event is extremely remote, though perhaps not negligible. No mob would make any real progress toward opening any average vault by the use of hammers, wedges, crowbars, jacks, or other mechanical appliances. Without the help of nitroglycerine in skilful hands they would never open a properly constructed vault.

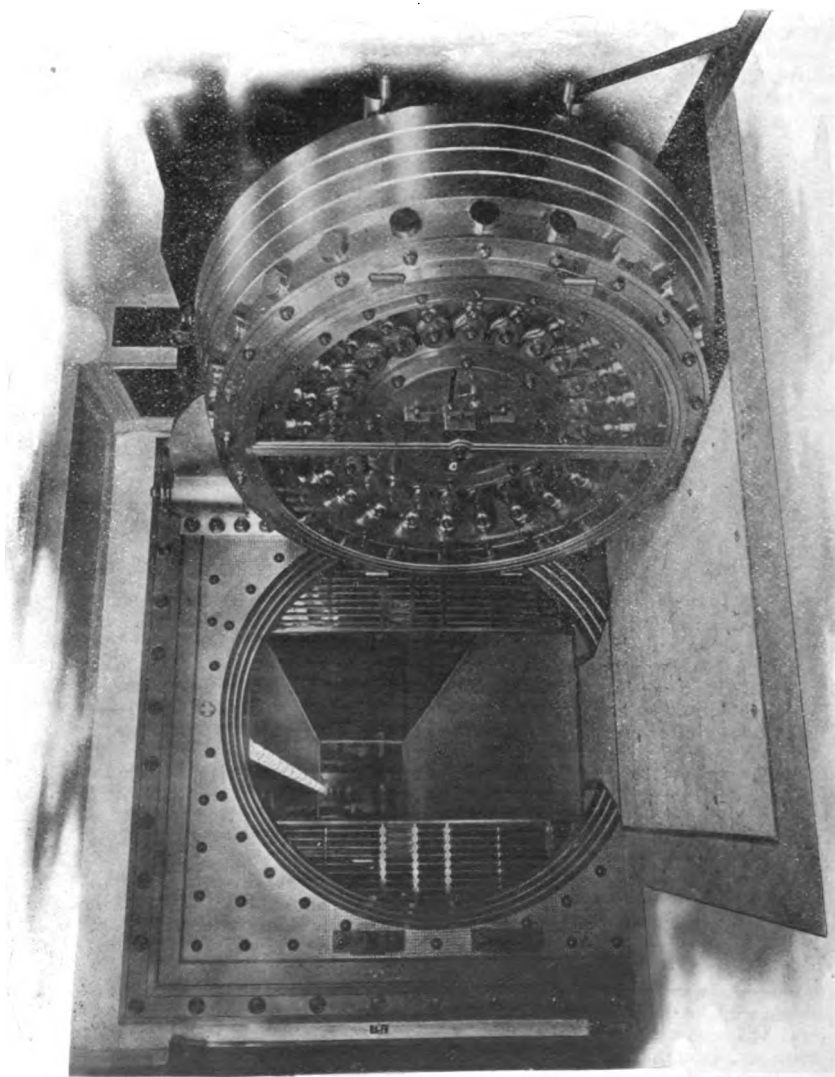
A hostile army in a captured city would somewhat resemble a mob in an attack on a vault, and its members might be able in time to open it, though the latest type of manganese steel vault would offer a resistance which might tire out their most earnest endeavors.

Fourth, is the post-office robber, who has enough knowledge and skill to blow open fire-proof or laminated safes with or without money chests in them. The amount of money in such a safe is usually much less than in any bank safe, but there are likely to be some postage stamps also, and the whole is more easily obtained. Thieves of this class are always active in robbing

The obsolete means were those of a generation ago, and included hammers, wedges, safe-pullers and other mechanical devices which often overcame the weak safes then in common use. Lock-picking was only possible with the old-fashioned locks, some operated by a key, and some by combination. The best modern combination lock cannot be picked. To an American it is amusing to consider that key locks are still in use on safes in Europe, the keyholes affording entrance for necessary quantities of nitroglycerine.

Of the active burglar's aids, the mechanical ones, drill and jimmy, are only effectual against the weaker safes, and then in combination with an explosive. Sometimes, however, with fireproof safes a drilled hole is the avenue through which the lock is either unlocked or punched off, after which the safe is opened. Jarring or tumbling a safe over is believed to have been the means used in opening certain safes, which are designed to unlock themselves automatically at a desired hour.

Next come explosives, of which nitroglycerine is the chief, and which is the means by which, in recent years, nearly every bank safe burglary, perhaps ninety-nine per cent., has been accomplished. A safe burglary is rarely accomplished through any other means. The liquid is readily extracted from dynamite, which may be bought, or stolen in nearly every country town, and a safe to resist attack made with

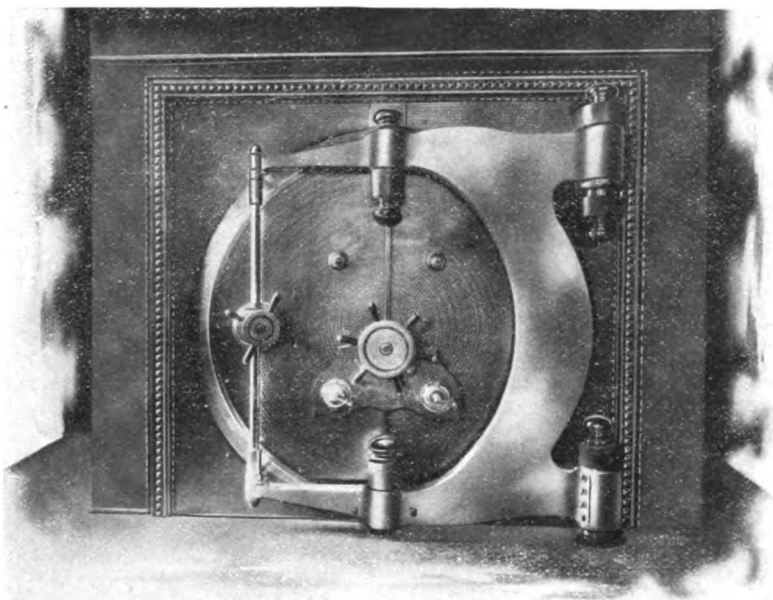


TISCO MANGANESE STEEL SAFE DÉPOSIT VULT—PEOPLES GAS BUILDING, CHICAGO.
MANUFACTURED BY MANGANESE STEEL SAFE COMPANY, PLAINFIELD, NEW
JERSEY. D. H. BURNHAM & CO., CHICAGO, ARCHITECTS

it by a skilled cracksman must be of good design, material, and workmanship.

The imaginary dangers are those which have been suggested as possible, but have never been actually used in safe burglary. Some of them appear very formidable in certain aspects, and have been enlarged upon by interested parties, who endeavor thereby to sell something to defeat them, or some of them, and so effectively that some bankers feel more nervous about their possibilities than about nitroglycerine, with its steady string of victories. The burglars have done nothing with these imaginary

Thermit and oxy-acetylene blowpipes, while newer, are in very general use, and yet none of these means for producing high temperatures or burning conditions has yet cost bankers anything except some loss of sleep and the price of devices intended to defeat possible attack made with them. By all of these heating means, plates of steel and iron have been perforated in the laboratory with the production of terrifying exhibits, but the conditions under which a burglar must work are so different that he sticks to his familiar compact and effective nitroglycerine.



TISCO MANGANESE STEEL VAULT—MAIN DOOR CLOSED—STATE TRUST COMPANY, PLAINFIELD, NEW JERSEY. BY COURTESY OF THE MANGANESE STEEL SAFE COMPANY, PLAINFIELD, NEW JERSEY

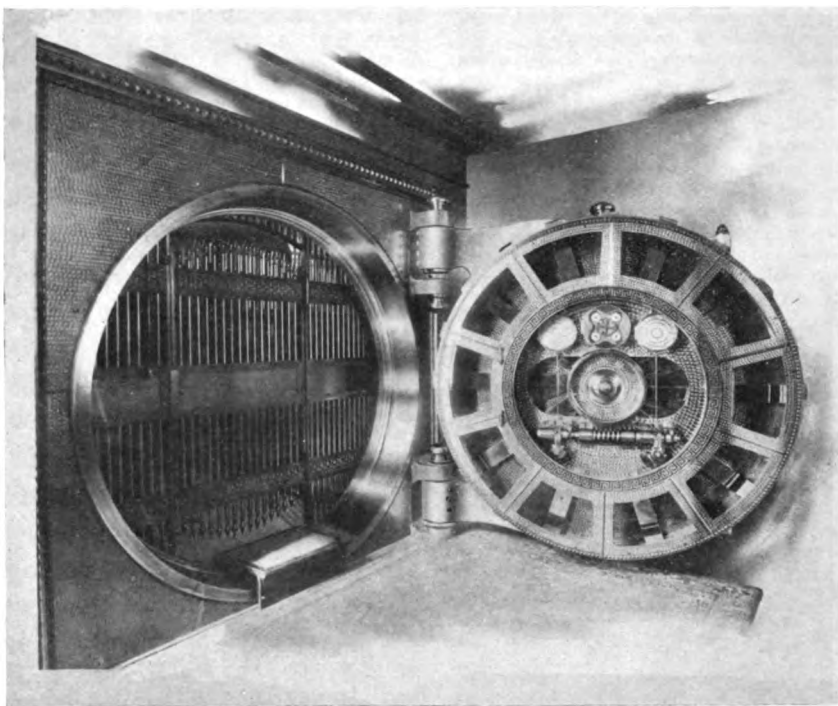
aids, nor have they contributed anything toward demonstrating their importance. In fact, they do not seem to be aware of them, and until they are, it is hardly justifiable to spend much thought and money to guard against such dangers.

Of the imaginary aids the agents for generating high heat or specifically, electric current, thermit and the oxy-acetylene blowpipe, are mostly fraud. As for electricity, the fusion of metals by electric current has been known more than a century, strong currents have been common for thirty years, and the possibility that a safe might be burglarized by the use of such a current has been widely advertised for the past fifteen years, and yet not one cent has been stolen from a safe by such means.

Attack on a safe by artillery is seriously urged by some as a real danger which ought to be guarded against. To show how negligible is this imaginary danger, which, of course, in any case could only be conceivable as a mob attack, it is only necessary to point out that field artillery which alone could be used, is never supplied with armor-piercing projectiles or solid shot. Such artillery is for use against troops or earthworks, and for such purposes only shell, shrapnel, grape and canister are used.

MATERIALS.

Following the time when a wooden chest served as a strong box, the materials for the defensive features of safe and vault



TISCO MANGANESE STEEL VAULT, STATE TRUST COMPANY, PLAINFIELD, NEW JERSEY—
MAIN DOOR OPEN. BY COURTESY OF THE MANGANESE STEEL SAFE COMPANY,
PLAINFIELD, NEW JERSEY.

construction have been wrought iron, cast iron, spiegeleisen, five-ply welded steel and iron, chilled cast iron, soft steel, armor plate, and finally manganese steel. Of these, wrought iron, cast iron and spiegeleisen have practically disappeared from use. Wrought iron and cast iron are familiar to all. Spiegeleisen is a very hard and brittle white variety of cast iron, which was used solely for its drill-proof quality. It is sometimes called Franklinite, when made from ore found at Franklin, N. J. Sometimes wrought iron rods were embedded in the franklinite plates to hold them together when they were cracked.

Cast iron, while having low tensile strength and practically no ductility, which property as usually understood, gives toughness, had some merit as a safe-making material, because an integral safe could be made of it having no joint except the one around the door. To resist compression cast iron is a good material.

Five-ply steel and iron as used in safe manufacture is in the form of plates, each consisting of five layers of metal welded together, the two outside layers and middle layer being wrought iron or very soft steel, while the other two layers are of hard steel, which contains enough carbon to cause it to be made extremely hard, when it is quickly

cooled from a bright red heat, or quenched, as such cooling operation is termed. These plates, when properly made and hardened, are practically undrillable, but their strength and toughness are small because they can be cracked or broken.

Chilled cast iron is cast iron which has a very hard surface caused by quickly freezing or "chilling" the molten metal. It has a special composition, not all cast iron being capable of being chilled in a useful way. The hard layer at the surface, when broken, is seen to be a white metal, while the remainder of the article will be gray, as cast iron usually is. The hard layer may have any thickness from half an inch to two inches. Thicker or thinner hard layers could be made, if desired, which, however, they are not. The hard layer is very difficult to drill and that property pointed to the suitability of chilled iron as a metal of which to make burglar-proof safes and vault some forty years ago, when William Corliss had his attention drawn to the deplorable weakness of the safes then made. In resisting compression or indentation, chilled iron is most excellent and Corliss utilized this property very ingeniously in his spherical safe, which was a great advance in the degree of security it afforded, beyond any safe that had previously been

made. The great weight, inconvenience and cost of the Corliss safe told heavily against its general adoption, in spite of the indisputable fact that it was at one time far more secure than any other.

Soft steel, because it is tough and therefore does not crack readily when subjected to the force of nitroglycerine, is quite generally used in the laminated systems of construction to give more strength to the structure. It is the cheapest material which can be used for the purpose and may be readily cut or drilled.

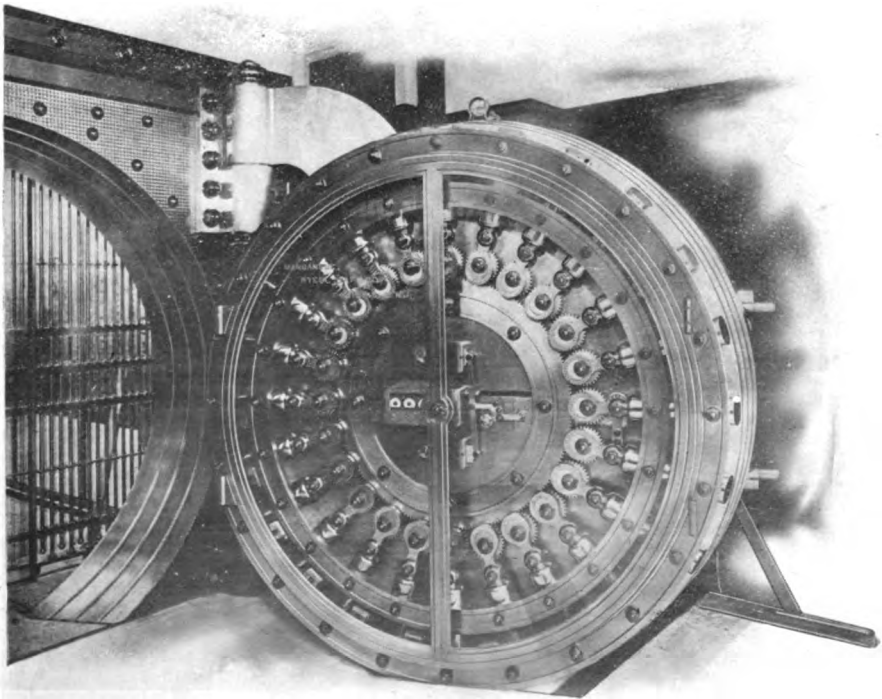
ARMOR PLATE FOR VAULTS.

When armor plate was first suggested for the safeguarding of valuables, only laminated vaults were being made. This plate, because it is integral, avoids the myriad of joints and screws inherent in laminated work, and its resistance to impact stamped it as the best material then to be found for the purpose. The strength of a vault, however, as of a chain, is that of its weakest part, and no means has been devised to maintain at the joints and corners the strength of the plates themselves. At a

joint much of the metal must be cut away from each abutting plate in order to attach them together, and the impregnable strength of the plates themselves is thereby made of comparatively little avail. The great weight and massiveness of a large armor-plate vault, however, add greatly to the degree of security afforded, which is generally considered to meet every requirement. Safes of such material and construction are not made, probably because the degree of security which they would possess is seen not to be up to modern requirements, as the joints at the corners would afford entrance for any amount of nitroglycerine.

TWO KINDS OF SOLID ARMOR.

The two kinds of solid armor are those used on the side and deck of a warship. The side armor is that usually understood as being meant by the word armor, as it has been much discussed in the press and in Congress. It is made of soft steel with a hard face, is five inches or more thick, and its purpose is to break up and stop shot which otherwise would enter the ship.

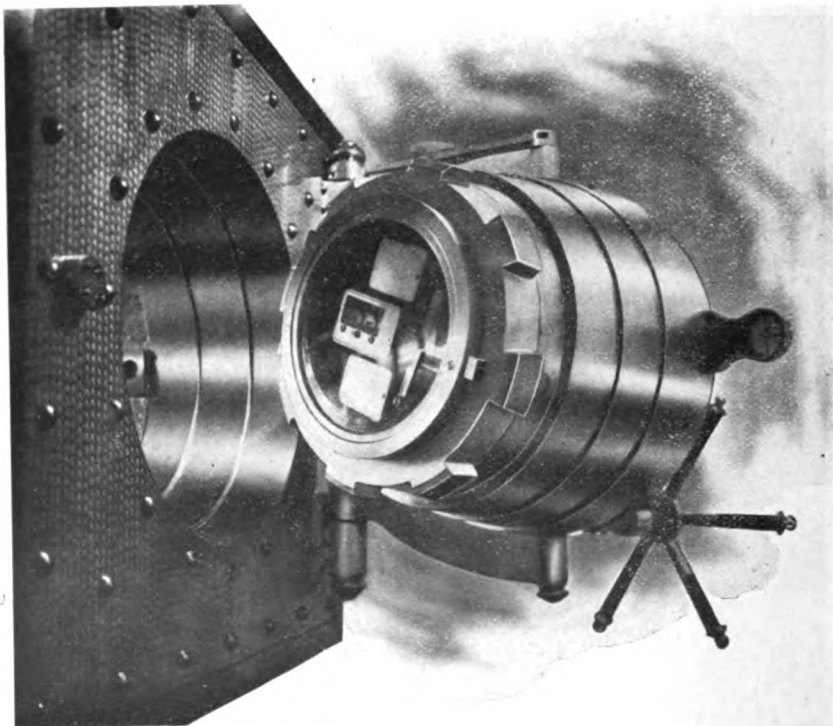


TISCO MANGANESE STEEL SAFE DEPOSIT VAULT—PEOPLES GAS BUILDING, CHICAGO.
DOOR OPEN. DOOR AND HINGE WEIGH OVER 25 TONS. MANUFACTURED BY
THE MANGANESE STEEL SAFE COMPANY, PLAINFIELD, NEW JERSEY

This side armor is known as Harveyized or Krupp armor, according to the process by which it is made. Its hard surface cannot be drilled until it is softened by heating, followed by slow cooling. It costs about twenty cents a pound, while deck armor costs about two cents, unless made of nickel steel, which is more expensive.

Deck armor is from one to four inches thick, and is always made of soft steel throughout, being intended to deflect a shot upward and not stop it. It may be easily

its use in safes and vaults. It is generally known now that this metal is the only one that is at once extremely hard and exceedingly tough, and therefore most suitable for the purpose. Its behavior under severe test with nitroglycerine has proved this repeatedly. The genuine manganese steel which made the reputation of the metal, is still made by the Taylor Iron & Steel Company of High Bridge, New Jersey, and is now branded with the trade-mark "Tisco." A banker may assure himself by accepting



BAYONET JOINT EMERGENCY DOOR, SAFE DEPOSIT VAULT—PEOPLES GAS BUILDING, CHICAGO. MADE OF TISCO MANGANESE STEEL. BY COURTESY OF THE MANGANESE STEEL SAFE COMPANY, PLAINFIELD, NEW JERSEY

drilled and cut. Such soft deck armor is never used alone in vault construction, though somewhat similar heavy plates of ordinary soft steel are sometimes used on the outside of laminated vaults, and these have been incorrectly called armor plates without its being made clear that the hard-faced, twenty-cents-a-pound armor is not meant.

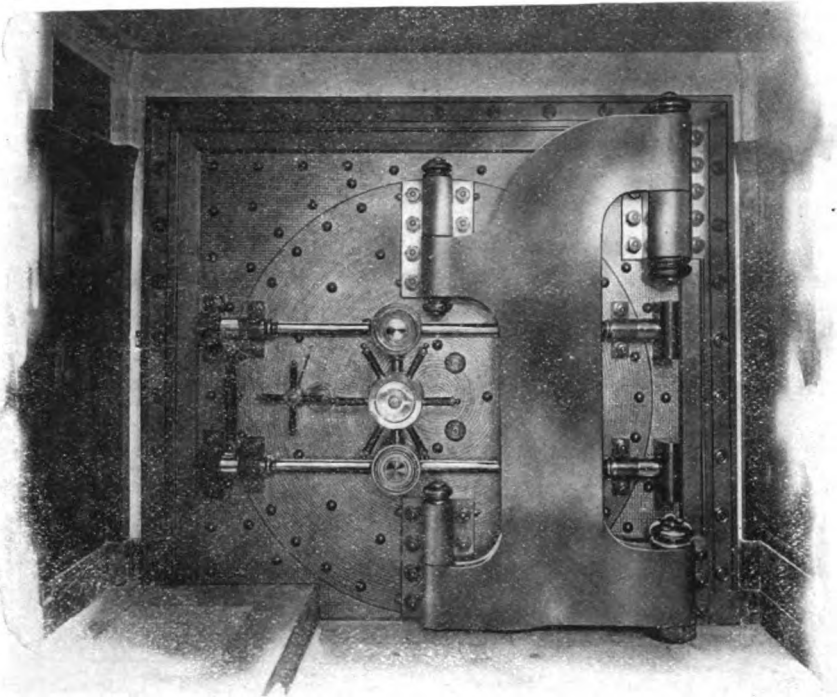
Nickel steel deck armor is not used in bank vault construction, as there would be no advantage to compensate for the greater cost.

MANGANESE STEEL.

More than ever before an article on one subject must deal with manganese steel and

only a safe made of "Tisco" manganese steel, that he has the real metal and none of the imitations which are being sold as manganese steel, some of which are but little better than cast iron for the purpose. Safes and vaults of "Tisco" manganese steel are made by the Manganese Steel Safe Company of Plainfield, New Jersey, the pioneers in this advance in the safe-making art.

Most makers of banker's safes, however much they decried manganese steel in the past, are now offering integral safes made of that metal or something they call by that name. Some, at the same time, unable to make integral vaults, offer laminated vaults, though no one has yet given a sound reason why manganese steel, if best for a safe,



TISCO MANGANESE STEEL VAULT—DOOR CLOSED—PEOPLES GAS BUILDING, CHICAGO.
MANUFACTURED BY THE MANGANESE STEEL SAFE COMPANY, PLAINFIELD, N. J.

which no one now disputes, is not also best for a vault.

LAMINATED AND INTEGRAL TYPES OF CONSTRUCTION.

These are so generally understood by everybody that only a brief allusion to their fundamental features is necessary. In the integral safe the wall and door is made of one thickness of metal, while a laminated safe of equal weight has walls and door built up of a number of comparatively thin plates of steel to the desired thickness. These thin plates with angle bars at the corners, are fastened together with screws driven from the inside, so that they may not be unscrewed from the outside. For example, a three-inch safe wall, if integral, would consist of a single thickness of metal, while if laminated it would be built of four or more separate plates. It may be readily seen that even if of the same material, the integral plate would have far greater power of resistance than the assemblage of little pieces of equal total weight. The case recalls the fable of the bundle of sticks which a father gave his sons to try to break. They could not do it, though they could easily break each stick singly.

The materials used in laminated safe and vault construction must be machinable, that is, capable of being cut with ordinary machine tools, so that they may be drilled and threaded to receive the screws which hold them together. Such an unmachinable metal as manganese steel cannot be used in laminated work, and indeed the result would not be good if it could, for the criticism of such construction is directed not so much at the relatively weak materials used, as at the fastening means or screws, which, as repeated tests and burglaries have shown, offer inadequate resistance to the force of nitroglycerine.

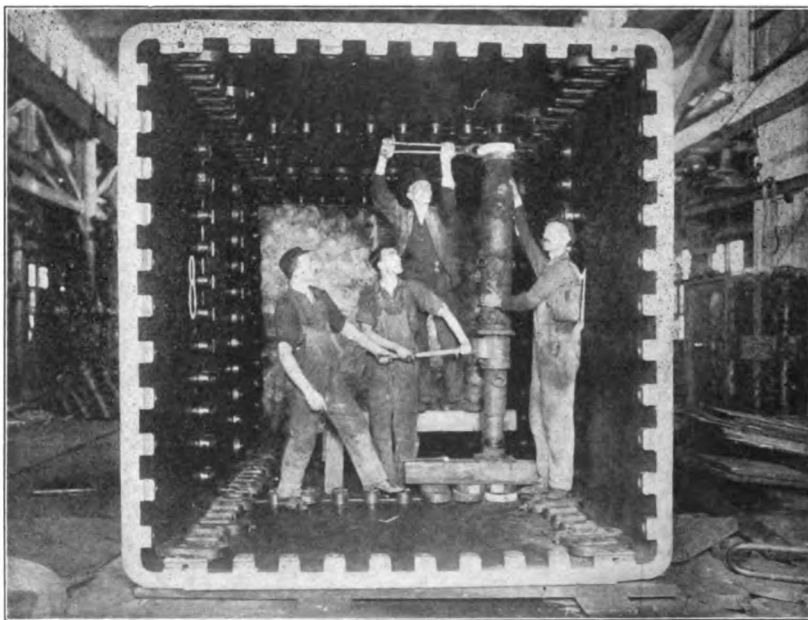
The introduction of the integral vaults, meaning those of genuine armor-plate and manganese steel, led the makers of laminated vaults to greatly change their designs so as to use heavier components, both rolled plates and castings, approximating in some degree the appearance of integral work, and to escape criticism based on the well-known weaknesses of laminated safes, as shown up by the endless succession of burglaries. Some of the heavy rolled plates used are of soft steel throughout, but are sometimes called armor-plates, with the result that the uninitiated think the hard-faced armor is meant.

The castings used by the laminated vault

makers are often quite heavy in design, and they are used in the door and front, reducing the number of visible joints and imparting rigidity especially to the door frame, which unless very strong and very securely attached to the remainder of the vault, is liable to sway and yield when the door is swinging upon its hinge, causing trouble when the door is opened and closed. With the heaviest doors made of thirty tons

Circular doors are now quite common in vaults, both laminated and integral, and well-nigh universal in safes, because they are so much easier to fit tightly to their seats than rectangular doors. The greater room and outlay that they demand retards, however, their general adoption in vaults, especially by the smaller banks.

A number of improvements in manganese steel vaults have recently been made. The



ASSEMBLING PLATES OF A MANGANESE STEEL VAULT. SHRINKING ON A RED-HOT RING

weight, this danger is serious to the laminated vault maker, while it is easily met in a properly made integral vault. These heavy castings are not face-hardened where they come to the surface and they may be readily drilled.

lugs by which the plates are fastened together are now sometimes placed so that their inner ends are flush or in line with the inner face of the plate, giving a smooth interior. To accomplish this the plates are offset around their edges by the amount of

Table of Physical Properties of Materials Used In Safe and Vault Manufacture.

	Tensile Strength lbs. per sq. in.	Elongation in 8 in.	Breaking Factor.*
Manganese steel	140,000	50%	7,000,000
Soft steel	60,000	30%	1,800,000
5-ply steel	25,000	5%	125,000
Cast iron	15,000	5%	7,600
"Fake" manganese steel	30,000	5%	15,000
Soft back of armor plate	65,000	20%	1,300,000
Gray portion of chilled iron	25,000	5%	12,500

* The breaking factors give a comparative scale of merit of the metals as means for resisting high explosives. This number is obtained by multiplying the tensile strength by the elongation, and hence measures the amount of work which must be done on a given piece of the metal to break it. Forged or rolled metal is meant in the table, except in the cases of cast iron and "fake" manganese steel, which are so worked.

the height of the lugs. A more elaborate finish is given to the door, both inside and outside, that meets with general commendation. New designs of crane hinges, with graceful curved contours, are used. Very heavy doors of thirty tons weight are made to meet the views of some bankers, though they are indefensible as being required by purposes of security.

These are, it is true, relatively minor points, as the great merit of a manganese steel vault still lies in the steel itself, the

one supreme metal for resisting the action of high explosives.

The use of integral safes is now very general, and the evolution from the built-up laminated type may be considered as accomplished, though there are thousands of the old laminated safes still in use. Burglars confine their operations entirely to these earlier designed safes, realizing that in an attempt to "crack" a vault or safe of the integral type they are confronted with a serious undertaking.

A TYPEWRITER ADDING MACHINE

FOLLOWING closely on the recent announcement of a new transit machine, the Burroughs Adding Machine Company have just issued the announcement that they have perfected a typewriter adding machine and will place it on the market about October 1.

It is a complete adding machine of the well-known Burroughs style with a typewriter mechanism combined in the same case. All of the keys are at the same level and all the important features of both machines are preserved. The carriage of the machine operates automatically in both directions so that, once having set the stops, the operator need never lift his hand from the keyboard. The pressing of single tabulator-key locates the carriage in any desired position.

While typewriting the carriage moves automatically, one space at a time, but at any moment the operator can change to the adding machine section, and can add, subtract, multiply or divide just as on the ordinary Burroughs machine. At the end of each line the carriage automatically linespaces and returns to the starting point. It is not necessary to shift the carriage by hand or to revolve the platen for a new line.

There are 42 characters on the typewriter keyboard in addition to the usual number of keys on the adding machine keyboard. The typewriter portion also has the usual shift-key, tabulating-key and shift-bar.

The Burroughs Typewriter-Adding Machine is not designed to take the place of either a typewriter or an adding machine,

but is built to supply the demand of some adding machine users who wish to make a short description of items. This machine will enable them to perform the work at one operation.

Banks can use the machine for making



customer's statements, particularly country statements; also in taking off daily balances of accounts, writing up ledgers, etc.

About October 1 the Burroughs Company will have demonstrating machines in their principal branch offices and will start taking orders for future delivery.

FOREIGN BANKING AND FINANCE

EUROPEAN

BANKING CO-OPERATION IN ENGLAND

WHAT is regarded as an interesting development in the English banking situation is the arrangement, made a short while ago for the first time, whereby outside banks will meet for occasional conferences at the Bank of England, thus increasing the chances for more harmonious working between that institution and the other banks whenever occasion makes it necessary to take steps for protecting the gold reserve or for bettering the financial situation generally.

BRITISH NATIONAL CREDIT

WHEN the price of British consols went down to 78½ in midsummer one of the London financial journals ("The Statist") undertook at some length to explain the cause. Comparisons were made between the British two and one-half per cents, and the French and German 3s. Although it is conceded that the comparison indicates that the fall in consols was due to a world-wide movement, "The Statist" goes on to give a number of special circumstances that have led to a falling in the price of the British national securities.

The automatic reduction of the interest rate from two and three-quarters per cent. to two and one-half per cent. undoubtedly had a great deal to do with the decline in price. This unfavorable influence was supplemented by the addition of 142¾ millions sterling to the debt during the South

African War, and to continued heavy expenditures for military and naval purposes. Furthermore, the restoration of the credit of other borrowing nations has immensely increased the field of investment and therefore attracted many who otherwise would have bought consols. Besides, the list of trustee securities has been enlarged, and the sinking fund neglected.

BRITISH BANK MERGER

ANNOUNCEMENT was made lately that a prominent English bank—the Stamford, Spalding and Boston Banking Co., Ltd.,—would be merged with the well-known London bank of Barclay and Co.

The absorbed bank is seventy-nine years old, has £294,590 paid-up capital and £3,718,130 deposits. Since 1892 the dividend has been steadily maintained at fourteen per cent.

Should the purchase of the Lincolnshire business be carried through by means of an exchange of shares it will be necessary for Barclay and Company to issue fresh capital, inasmuch as the whole of its authorized capital has already been issued, which amounts to £8,000,000, in 400,000 shares of £20 each, of which £8 per share has been paid up, thus making the paid-up capital £3,200,000. On June 30 last the reserve fund amounted to £1,200,000. Its deposits amounted to £50,654,267, and with the addition of the Stamford, Spalding deposits there will be a total of £54,372,398. At the end of last year Barclay's had 481 offices;

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$788,115.74

Deposits, \$2,195,056.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comp.oir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Com.merz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

the addition of the Lincolnshire offices will bring the total number up to 528, so that in respect of the number of offices open the bank ranks as third, being exceeded by Lloyd's Bank and the London City and Midland.

NEW CAPITAL APPLICATIONS

ALTHOUGH the applications for new capital in Great Britain from January to the end of June were smaller than for the preceding period in 1910 and 1909, they exceeded the figure for 1908, which up to that time held the record total for twelve months.

The applications for capital in the first half of the present year amounted to £117,000,000, compared with £188,000,000 in 1910.

Of the destination of the new capital, it appears that \$16,000,000 went to the United Kingdom, £19,000,000 to Canada, £13,000,000 to Brazil and \$18,000,000 to the United States, the remainder going either to the British possessions or to foreign countries. Railway building in countries outside of Great Britain absorbed a larger proportion of the loans than any other group of industry.

THE YORKSHIRE PENNY BANK

FROM the troubles of this institution, "The Statist" of London derives the lesson of the great possibilities in small accounts—the deposits of the bank having been in excess of \$90,000,000.

The bank had no capital, being administered by a board of trustees. And while the securities were of a high class, the bank had failed to accumulate a large reserve, and paid an unvarying rate upon deposits, which they maintained even when the yield of high-class securities fell considerably.

The Yorkshire Penny Bank has been re-organized on a sound basis, with adequate capital contributed by a number of leading banks.

SOLICITING CUSTOMERS' ACCOUNTS

NOT long ago it was considered decidedly unprofessional for a bank to advertise, much less to solicit accounts directly. That this view is changing, even in so conservative a country as Great Britain, was indicated by the address of the deputy chairman of the Union Bank of Manchester, Ltd., at the last annual general meeting of shareholders. This official (the Right Hon. Charles Behrens, Lord Mayor of Manchester,) declared that while it was an extremely delicate matter for an official of the bank to deal with the transfer of an account from another institution, yet the 1,600 or 1,700 shareholders must



Banco Minero

CHIHUAHUA, MEXICO

Capital - - - - \$5,000,000.00

Surplus Fund - - 1,960,000.00

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of Banking Business.

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Mexico.

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Mexico Given Prompt and
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CORRESPONDENCE INVITED

New York Correspondent, NATIONAL PARK BANK

JUAN A. GREEL

General Manager

JESUS J. FALOMIR

Cashier

Banco Nacional del Salvador

SAN SALVADOR

Authorized Capital \$5,000,000

Subscribed Capital 2,000,000

Paid-up Capital 1,000,000

Head Office—SAN SALVADOR
Republic of Salvador, Central America

Agencies at all principal towns in
the Republic.

Correspondents in the most im-
portant cities abroad.

BANKING BUSINESS TRANSACTED
OF EVERY DESCRIPTION

Special attention given to COLLEC-
TIONS—moderate commission

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

have many friends who would be influenced by their wishes, if occasion arose, to open a new account or to make a change. If each shareholder, he said, could only introduce one new account per annum, the increase in a few years would produce very agreeable results for the general body of shareholders as well as for those who have to carry on the business of the bank.

FRENCH INVESTMENTS IN GERMANY

DIPLOMATIC negotiations between France and Germany over the Morocco difficulty have resulted in a discussion of possible financial embarrassment at Berlin, should the negotiations take an unfavorable turn and lead to the withdrawal of French capital invested in Germany. That the amount of such investments of a permanent character is not large is the belief of those best informed. Nevertheless, considerable sums of French money are currently loaned in Berlin, and the withdrawal of this money would undoubtedly cause considerable disturbance.

German officials have lately indicated that they were not favorable to the listing of American securities in Berlin, but if the Paris correspondent of the London *Economist* is correctly informed, they would welcome the listing of French securities on the Paris Bourse.

France is an enormous reservoir of capital, and contains a large number of people who are disposed to buy transferable securities, and it is a matter of interest for those countries which have securities to sell and for industries which wish to issue their loans and shares under good conditions to be able to introduce them upon the Paris market. For this reason Americans, in particular, have often been very glad to appeal for French capital. It now appears that the Germans are also desirous of getting the French market opened up to them freely. If rumors are to be trusted, this desire is not unconnected with the campaign which has been going on in the German press, and through German diplomacy on the subject of Morocco. A number of authoritative French newspapers have considered the question, and have asked themselves, in regard to the difficulties which now separate France and Germany, whether a ground of understanding could not be reached in the French capital and securities market. Several German newspapers say that there is no reason why the Paris market should not be opened to the securities of German industrial companies. A reservation would always be made against admitting German State loans. They believe that this arrangement would not wound the self-respect of France, and that, on the contrary, French capitalists would find loans on the German industrial market which would prove remunerative investments. German securities, they argue, are like merchandise, and German merchandise is often bought with advantage.

The introduction of German securities upon the Paris Bourse would open up a highly remunerative new line of business of the first importance. It is also said that for some time past French capitalists, or, at any rate, some of them, have not been deterred from investing in German securities, in spite of the difficulties. It would be simple to open a direct road to facilitate in consequence investment by small capitalists. Some German newspapers assert that the quoting of German securities on the official list of the Paris Bourse would satisfy the demands which Germany is now making. But other people maintain that there exists in France a feeling of hostility to German investments, and that quotation would not be enough to attract French investors. It is believed that this feeling is much exaggerated, though it is noticeable that no close relations exist between the banking houses of Paris and Berlin. There are French credit establishments which have no branch in Berlin, while they have

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MEXICO CITY, D. F.

2nd Assistant Consulting Attorney for the Foreign Office

References on Request

P. O. Box 940

Phone 2395

Correspondence in English, French, German, Italian and Spanish.
Commercial and Maritime Law. Collections. Protocolization and Legalization of Documents. Foreign Judgments. Claims against Transportation Lines.
Corporation Law. Bankruptcy Mines. Concessions. Patents and Trade Marks. Estates and Successions. Titles. Investments.
Private International Law. Consultations by Mail on Legal and Financial Topics.

GENERAL PRACTICE IN ALL COURTS

branches in other foreign cities. Probably many French capitalists, even the smallest, would not hesitate to buy German industrial securities, or even State loans, if they were assured of greater facility for realizing the securities, in consequence of an introduction on the Paris Bourse. This is a factor which might powerfully assist in the maintenance of peace. Saving has made great progress among the German masses, but the German peasants and small tradesmen do not practice thrift as is done in France, and Germany would certainly be glad to have at her disposal a part of the capital resources which the thrifty Frenchman can provide.

LONDON JOINT-STOCK BANKS

ON June 30, the date of the semi-annual report of the London joint-stock banks, the deposits at interest and on current account were as given in the accompanying table:

BANKS.

Banks purely Metropolitan.	
Glyn, Mills, Currie, and Co.....	£18,177,000
London and South-Western, L....	17,545,000
Martins, Limited	3,225,000
Total	£38,947,000

Banks with Country Branches.

Lloyds, Limited	£81,039,000
County and Westminster, Limited	81,583,000
London City and Midland, Limited	75,071,000
National Provincial, Limited....	64,910,000
Barclay & Co., Limited	50,799,000
Union & Smiths, Limited	42,060,000
Parr's, Limited	39,273,000
Capital and Counties, Limited....	38,637,000
London Joint-Stock, Limited....	34,757,000
Williams Deacon's, Limited	15,545,000
London & Provincial, Limited....	17,150,000
Total	£540,824,000

The grand total of deposits is £579,771,000, as compared with £560,102,000 for the first half of 1910, giving an increase of £19,700,000, or 3.5 per cent.

AUSTRALIAN

DECREASING GOLD PRODUCTION

FOR the first half of 1911 the gold production in Australasia showed a falling off of \$4,407,175 in value compared with the first six months of 1910.

The production has been declining for several years, owing to the falling off in the output of new mines, which has not been compensated for by the opening up of new mines.

AUSTRALIAN NOTE ISSUES

ALREADY the issue of Australian Government notes has reached £7,000,000, the limit to which the twenty-five per cent. reserve is applicable. Above the amount named the notes must be covered in full by gold.

The Australasian Insurance and Banking Record thinks that anything is possible in the way of unsound finance "while the present government clings to office." On July 1 the banks lost their right to issue notes, except under a prohibitory tax of ten per cent.

ASIATIC

PERSIA'S AMERICAN TREASURER-GENERAL

WHILE the appointment of an American Treasurer-General for Persia seems to have been well received by the Government and people of that country, troubles have arisen through the objections made by Russia and England to the appointment of a military assistant to aid in the collection of revenues.

Mr. W. Morgan Shuster, the Treasurer-General, contends that in the choice of Captain C. B. Stokes to act as his aid he had no intention of interfering with British or Russian political pretensions in Persia, but

merely chose the man best calculated, in his judgment, to render efficient service. The complications have been such as to lead Mr. Shuster to offer his resignation.

JAPANESE MINISTER OF FINANCE

ANNOUNCEMENT was made on August 30 of the appointment of a new Japanese cabinet. The list of ministers contained the name of Tatsuo Yamamoto, former Governor of the Bank of Japan, and a distinguished financial authority, to be Minister of Finance.

MODERN CHINA AND ITS DEBT

THE history of the Chinese debt, says the London *Economist*, is the history of modern China. A long and interesting article upon the Chinese debt appears in a weekly journal entitled *Capital and Commerce*, printed and published at Shanghai, and it may be useful to present a more concise account of a subject which is certainly of growing interest to European investors.

Our authority remarks, and probably with truth, that there is no other country in the world whose unexplored resources can compare with those of China. Certainly it is true that there is no country so rich in population and in industry, for which modern machinery, invention and transport have hitherto done so little. The best thing to be

said about the growing debt is that the new loans are being applied more or less honestly to railroads, whereas previously they had been applied to war and armaments. Before 1865, we are told, the Central Government of China was practically powerless, and the provinces considered that the payment of a tribute to the Imperial Household absolved them from any further compliance with the laws emanating from Peking. But as China was brought into contact with England and other foreign powers, the Central Government was forced to adopt a more active policy. In 1865 it raised its first loan, borrowing money from Russia for an expeditionary force. A little later money was raised in Shanghai on the customs, and later again a loan of 2,000,000 taels was borrowed for an expeditionary force to Formosa. In 1877, 1878 and 1879 a five million tael loan on the customs was borrowed from the Hong Kong and Shanghai Bank at fifteen per cent., and a little later another large loan was borrowed from the same institution at seven per cent. A smaller sum was borrowed from Germany at 5½ per cent. In 1886, Messrs. Jardine, Matheson & Co. lent £115,080 at seven per cent., and in the following year a German firm lent 5,000,000 marks at five per cent. In 1894, when the Sino-Japanese war broke out, the China Government was clear of debt, except for the two small loans of 1886 and 1887. That humiliating war was ended by the treaty of Shimonoseki. Three loans were raised during the war, namely a domestic loan of 10,000,000 taels, and two loans, one of £1,635,000, and one of £3,000,000, from the Hong Kong and Shanghai Bank.

The war with Japan cost China the Liaotung Peninsula, the suzerainty of Korea and an indemnity. Many taxes had been imposed, and the treasury was empty, but the immediate distress was met by two loans of £1,000,000 each, borrowed in Great Britain and Germany. To enable China to pay Japan a Franco-Russian loan of 400,000,000*fr.* was concluded, and in March, 1896, another loan of £16,000,000 sterling (yielding £15,040,000 net) was carried through by an Anglo-German combination. The annual payment for these loans proved a source of the utmost embarrassment, for the antiquated system of government in China was incapable of raising revenue with any sort of efficiency. An attempt to raise an internal loan of 100,000,000 taels at five per cent. proved an utter failure, for the response was only 4,000,000. Meanwhile Germany, Russia, France, Great Britain and Japan were all engaged in an attempt to maintain or increase their influence in China. There was the utmost competition to lend her money. Japan pressed for the indemnity, and ultimately the money was paid with the help of a banking combination. By this time the salt, likin and customs duties of China were all heavily mortgaged. The Central Government began to

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BANK OF NEW SOUTH WALES

AUSTRALIA

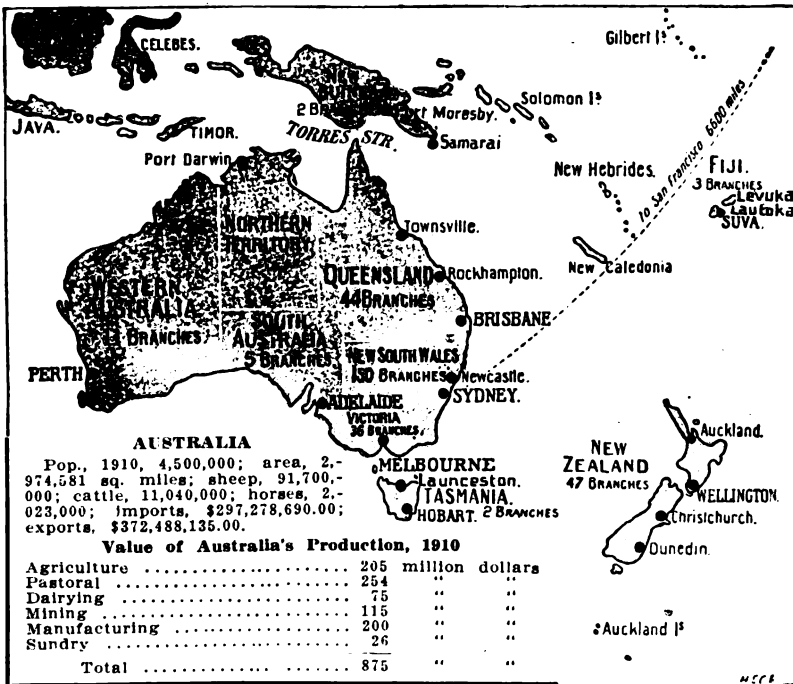
Paid-up Capital - - -	\$15,000,000
Reserve Fund - - -	9,850,000
Reserve Liability of Proprietors - - -	15,000,000
	\$39,850,000



Aggregate Assets, 31st March, 1911 \$229,544,195.00

J. RUSSELL FRENCH, General Manager

330 BRANCHES AND AGENCIES



330 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—64 Old Broad St., E. C.

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In the Australian States, New Zealand, Fiji and Papua (New Guinea)
Cable remittances made to and drafts drawn on Foreign Places DIRECT.
Foreign Bills negotiated and collected. Letters of credit and Circular Notes issued.
NEGOTIABLE THROUGHOUT THE WORLD.

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**Agents in San Francisco, Bank of California National Association and
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EXAMINED

ABSTRACTED

PERFECTED

**Mexican Companies Organized. Foreign Companies Protocolized
Foreclosures and Reorganizations Managed
Concessions Obtained International Claims Adjusted**

MEXICAN TITLE-MORTGAGE COMPANY

Head Office - MEXICO CITY

Branch - 25 BROAD STREET, N. Y.

IF you have land or mining titles in Mexico, you should have them examined and abstracted in English. No matter how long you have held them, there may be fatal defects which our examination would show, but which can be cured—at small expense. It costs nothing to write us for particulars.

pledge the provincial taxes, and commanded that the revenues of the provinces should be increased. This led to an outbreak of Nationalist and anti-foreign feeling, which culminated in the Boxer outbreak, a disaster which produced an immense addition to the debt. But before the Boxer outbreak occurred two loans were raised in Russia and Great Britain for the Chinese Eastern and the Imperial Northern Railways. In fact, a new era of improvement and reform seemed to be at hand when the Boxer massacres began. The siege of the legations, their relief by the allied forces, the plundering, and ultimate suppression of the outbreak are well remembered. The powers fixed the indemnity at £67,500,000 by the protocol of September 7, 1901. As China was in a bankrupt condition it was provided that the sum, which amounted with capital and interest to more than 950,000,000 taels, should be paid by annual instalments in thirty-nine years. The powers which alternately bully and protect China had to help her to pay the indemnity which they demanded, following a system similar to that which had been adopted for Turkey. They authorized China to increase the import duties on foreign goods to five per cent. and to levy various duties on merchandise hitherto exempt, foreign corn and flour, however, remaining on the free list. It was provided that the new

revenue should be used for the redemption and interest of previous loans before being applied to the new indemnity loan. Further native customs and portions of the salt tax were also made available for the service of the new loan, but as these were inadequate it was proposed that the provinces should contribute to the amount of 18,800,000 taels. The question how the money should be raised was left to the discretion of the local authorities, and the result was a fantastic and oppressive system of new taxation, to which our authority traces a good deal of the existing discontent. Salt and rice, the essentials of life, have borne the burden imposed by the powers, but the sums received amounted to only 12,960,000 taels. As the sums paid were inadequate, though tremendous pressure was put upon the governors and viceroys, fresh loans were necessary to meet the stipulated payment in the very first year.

Our contemporary describes the period from the suppression of the Boxer revolt of 1901 to the conclusion of the Russo-Japanese war in 1905 as a period of railway promotions and of hunting for concessions. European and American financiers, engineers and railway contractors eagerly invoked the aid of the press and the diplomatic co-operation of their respective governments, and there is no doubt that the

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager

Paid-Up Capital, \$10,000,000 Reserve Fund \$8,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : **MEXICO CITY, D. F.**

foreign officers of most of the loaning Powers were very active in pressing the Pekin Court for concessions in the interests of private syndicates. To what extent the Chinese officials proved susceptible to pecuniary blandishments we do not profess to know, but somehow or other a good many railway loans and a good many concessions have been got through. Altogether, it seems, about forty millions of debt has been piled up for railways between 1896 and the present year. Sir Robert Hart computed that in 1901, before the exaction of the indemnity, the total outstanding debt of China for loans other than railroad loans was about £54,500,000. The various indemnities and the loans of 1905 bring the total of dead-weight debt up to about 130 millions, so that if our computation is correct the total debt would amount to about 170 millions, of which only forty could be called productive. In 1901, according to the Hart memorandum, the revenue of China consisted of about 88,000,000 taels, to which the maritime customs contributed twenty-three millions, the land tax 26½ millions, the Likin sixteen millions, and the Salt Gabelle 13½ million taels. The expenditure amounted in that year to 101 millions, including thirty-five for military and naval expenditure, twenty for provincial expenditure, twenty-four for the service of loans

and three and one-half for customs administration. One of the latest calculations of the Chinese revenue for 1908 gives a total of 105,000,000 taels, or about £15,000,000 sterling.

From the above it will be seen that maritime customs, land, salt and likin are the chief sources of revenue, but all the taxes are highly objectionable, except the customs, which are honestly administered, thanks to the competent service organized by Sir Robert Hart. The salt monopoly is a cruel and oppressive monopoly, which encourages smuggling and illicit dealing, and is very injurious to the health of the poor by raising the price of a prime necessity. The likin is universally condemned, and yet it cannot be abolished until a better system of taxation is imposed to take its place. On a five per cent. basis the maritime customs yield about 27,000,000 taels, but it must not be supposed that a doubling of the duties would mean a doubling of the revenue. Altogether the financial outlook in China deserves the close consideration of our foreign office and of the great powers which are now competing for the privilege of lending more money to a country which is already overloaded, considering the amount of her revenues, the poverty and discontent of the people and the oppressive nature of the taxation.

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

LATIN AMERICA

COFFEE PLANTATIONS IN SOUTHERN MEXICO

By O. Sperber

WHEN coffee plantations in Southern Mexico are alluded to from the viewpoint of profitable investment, it can be a question only of those lying in the district of Soconusco, along the border of Guatemala, in the State of Chiapas,

the Commonwealth of Mexico to the extent of \$9,100,000.

By far the greatest number of the coffee plantations in Soconusco are controlled by German capitalists from Bremen and Hamburg. Formerly, many of these coffee



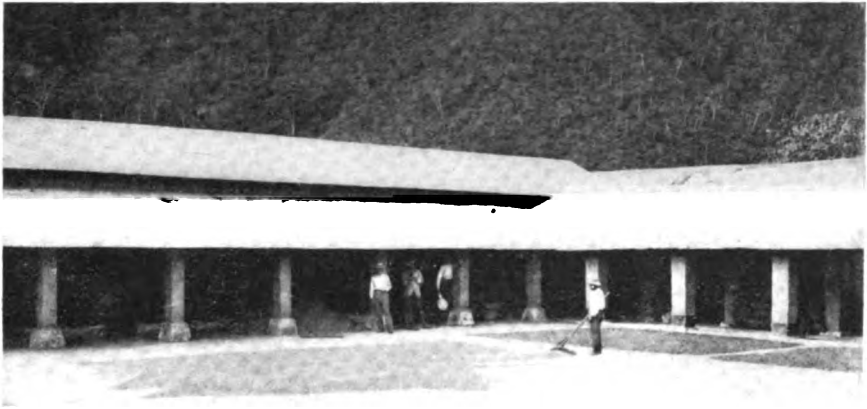
COFFEE PLANTATION, SAN ANTONIO, CHIAPAS.

whose wealth in natural products of all kinds has until now remained quite unnoticed in our financial circles.

The coffee plantations of Soconusco are among the best of the kind found in any part of the world, and they practically produce the largest portion of all the coffee exported by Mexico. Although limited to an area of some 22,000 acres, their yield during the past ten years amounted to \$13,000,000 worth of coffee. Seventy per cent. of this production went abroad and the price paid for it contributed to enrich

planters divided their time and labor between Southern Mexico and Guatemala, where they also owned large coffee plantations, but in latter times these last had to be given up, owing partly to the lack in that country of new lands suitable to a further development of the coffee industry, and partly to the unstable political and financial conditions of the country itself, which present an obstacle to fruitful operations.

The soil of Soconusco is particularly suitable to the cultivation of coffee. It con-



COFFEE DRYING.

sists of a rich, deep humus, of volcanic origin, with a slight proportion of lime. The climatic conditions of that region are likewise particularly favorable to the growth of the coffee plant.

Reliable reports covering ten years give a yearly average of 204 days on which rain fell, the daily rainfall being of 1.98 cm. This amount of moisture is an essential condition for the obtainment of a good coffee crop.

The coffee zone of Soconusco is subdivided in four distinct belts, this subdivision being the outcome of the peculiar character of the topography of that part of Mexico. Their altitude above sea-level is as follows: First belt, between 400 and 450 meters; second belt, between 600 and 650 meters; third belt, between 700 and 1,450 meters; fourth belt, between 700 and 1,450 meters.

The produce of all four belts is of the highest quality, though it must be admitted that some of the plantations furnish a better quality than others. In any case, the coffee plantations of Southern Mexico offer an unsurpassable opportunity for the profitable investment of capital, as is demonstrated clearly by the statement and estimate given below, which is the result of intensive study made on the spot and of data gathered from authentic sources by the writer.

The average cost of production per quintal of forty-six kg. of coffee, f. o. b., port of San Benito, on the Pacific coast, is of \$5 to \$7.50 approximately.

The calculation runs as follows:

DISBURSEMENTS.

Repairs	\$ 312.97
Taxes	642.90
Buildings	74.66
Roads' repairs	229.40
Post and telegraph	135.19
Office's expenses	200.75
Labor from crop to crop	10,626.03
Harvest's cost	6,583.53
Money transactions	375.12
Transportation of 3000 quintals to the port	7,222.67
Provisions for labor hands	2,944.88
Salaries	3,986.24
Petty cash	408.04
Travelling expenses and commission	568.74
Stock-yard cattle	462.33
Preparation of the coffee for market	1,159.47
Household expenses	2,242.33
Total	\$38,613.74
Receipts from sale of hides	120.76
	<u>\$38,492.98</u>

The market price for Soconusco coffee ranges from \$10 to \$15 and \$20, thus yielding, at the lowest estimate, a net profit of \$3.59 per forty-six kg., or \$10,770 per 3,000 quintals.

Land calculation in Soconusco is as follows: One Caballeria equals 42.3 ha., equals 105 acres equals 1,000 Cuerdas, each cuerda being planted with thirty-eight or thirty-nine coffee plants, standing in triangles of a circumference of three and one-half to four yards. Thus an average crop is calculated to be one quintal to the cuerda or a little over one kilogram per plant.

The species of coffee mostly cultivated in Soconusco are Arabica, Bourbon and Mara-

gojipe. Arabica yields half an average crop in the fourth year after it has been planted, while Bourbon and Maragojipe yield about one-quarter of an average crop in the third year.

Practical experience has shown that Maragojipe is certainly the most profitable species and it is, therefore, prevalently cultivated nowadays.

The expenses and receipts of a new coffee plantation would be approximately as follows:

Besides all this, the crops of 1922 and following years, which will amount to something between 7,000 and 8,000 cwts., must be taken into account.

The general running expenses, including those incurred by the management of the property, would not then exceed \$40,000 annually, so that a crop of 7000 cwts. at \$15 the cwt. will yield a net profit of \$45,000.

The cost of production will then be reduced to \$5.72, f. o. b. San Benito for

	Disbursements.	Receipts.
1911—Purchase price of 1,700 acres, including contracts for ten families of laborers and advances to them	\$15,000.00	
1912—Nursery of 100,000 same expenses as above, interest, etc.	16,000.00	
1913—Planting of 100,000 trees, \$5,000; new nursery of 100,000 trees; general expenses, interest, etc.	16,750.00	
1914—Second planting of 100,000 trees; new nursery of 100,000 trees; cleaning of plantation; general expenses, interest, etc.	19,000.00	
1915—Third planting of 100,000 trees; new nursery of 100,000 trees; management; clearing of 1913-1914 plantations; one receiving tank; six fermenting tanks; one water tank; three shelling machines; two dryers; one storagehouse and sheds for tanks; interest, etc.	36,000.00	
First crop		\$5,000.00
1916—Fourth planting of 100,000 trees; care of 300,000 previously planted trees; new nursery of 100,000 trees; general expenses, interest, etc.	26,000.00	
Crop of 1,000 cwts. @ \$20.00		\$20,000.00
1917—Fifth planting of 100,000 trees; general expenses, interest, etc., \$31,000; large dryers; three shelling machines; one pelt apparatus, incl. buildings.	56,000.00	
Crop of 2,500 cwts. @ \$20.00 the cwt.		50,000.00
1918—General expenses, cleaning of plantation, harvest's cost, interest, etc.	37,000.00	
Crop of 4,000 cwts. @ \$20.00 the cwt.		80,000.00
1919—General expenses, interest, etc.; residential houses for labor hands	34,000.00	
Crop of 5,000 cwts. @ \$20.00 the cwt.		100,000.00
1920—General expenses, incl. interest, harvest's cost, additional dryer, new residence house	51,000.00	
Crop of 6,500 cwts. @ \$20.00 the cwt.		130,000.00
1921—General expenses, incl. harvest's cost, interest, etc., \$40,000; preferred interest of past years, \$5,000	45,000.00	
Crop of 7,000 cwts. @ \$20.00 the cwt.		140,000.00
Total	\$352,350.00	\$525,000.00
Balance		\$172,650.00

RECAPITULATION.

1915—250 cwts. @ \$20.00 the cwt.	\$ 5,000.00	U. S. currency
1916—1000 cwts. @ \$20.00 the cwt.	20,000.00	
1917—2500 cwts. @ \$20.00 the cwt.	50,000.00	
1918—4000 cwts. @ \$20.00 the cwt.	80,000.00	
1919—5000 cwts. @ \$20.00 the cwt.	100,000.00	
1920—6500 cwts. @ \$20.00 the cwt.	130,000.00	
1921—7000 cwts. @ \$20.00 the cwt.	140,000.00	
7 yrs.—26,250 cwts.	\$525,000.00	

Even in the event of the price dropping from \$20 to \$15, the net profits on 26,250 cwts. would still be \$23,400, with the plantation free of debts, representing, with the different machines and other implements, a capital of \$500,000, at the lowest estimate possible.

forty-six kg. Besides, the Pan American railroad, which is already crossing the district of Soconusco in its entire length affords other facilities than through the port of San Benito.

It will be noticed that taxes are not mentioned in the above estimate. This omis-



COFFEE PICKING.

sion is due to the fact that in Mexico no taxes are levied from new coffee plantations, the planters enjoying during ten years the so-called settlers' privileges.

In view of the figures given above, which are guaranteed not to be in the least exaggerated, it can safely be stated that the coffee plantations in Soconusco offer the most advantageous opportunity for the profitable investment of capital. It is to be regretted that banks in general have remained rather indifferent to the advantages offered by the coffee plantations in that part of Southern Mexico, since those who venture in such an enterprise have to pay an interest of twelve and one-half per cent on the private capital entrusted to them.

Of course, much of the success of such an enterprise depends from an able management, but even this question can be easily settled in a satisfactory manner.

It would certainly be bad policy to run a coffee plantation in Southern Mexico, from the board of directors' office in New York, or any other town. Such method is usually crowned by failure, since directors will very rarely possess the practical experience necessary to the welfare of a plantation.

The few failures registered in connection with the coffee plantations in Soconusco are the best evidence of the assertion made here, since they were due solely to a bad management carried on from a distance, as the investigation made on the spot plainly demonstrated.

If the establishment of a new coffee plantation, or for that matter of any plantation, is to spell "success," the management must be in the hands of a man who is able to direct work more through example than by

words only, but who, at the same time, has a material interest in the welfare of the enterprise. A capable manager will always show more interest in a plantation if a share of the profits is granted to him than



A COFFEE TREE IN FULL BLOOM—THREE YEARS OLD

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MONTEREY, N. L., MEXICO

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Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

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if he is working for a salary only. In the first case, he is sure to put his entire mental and physical strength and energy in his work, while, in the second case, he will content himself with giving his employers their money's worth of his capacity.

There is no lack of suitable lands in Southern Mexico, on which coffee will thrive splendidly, and capable and experienced managers are also plentiful there. Both are to be had at reasonable prices and conditions.

LATIN AMERICA IN 1910*

THE year 1910 was the centennial year of independence throughout Latin America. This does not mean that every Republic celebrated on some particular day the one hundredth anniversary of its declaration of independence from a European power, because in several instances that declaration was made previously to 1810, but by common consent a general manifestation of the spirit of national freedom was given greatest expression during the year that has just passed.

Among the Republics whose celebrations took an active form were Chile, where a month was devoted to national and international festivities; Mexico, with somewhat similar displays of national enthusiasm, and Colombia, where the centennial spirit was quite as marked, although the Government decided to restrict public participation in it to national confines. Ecuador had celebrated its own centennial in 1909, in accord with its local history, but it joined with other Republics in the Latin-American feeling; Paraguay announced the official celebration for the year 1911; and Venezuela, while acknowledging the year of 1910, preferred to postpone its festivities until 1911, the centennial anniversary of the declaration of independence. Argentina's celebration consisted of a series of expositions to illustrate various phases of progress, by

no means the least important of them being the railways and land transport exhibit. This gave an object lesson of the changes in transportation during the life of the Argentine Republic, and offered vital suggestions of what could be done in the future, as soon as Government or private capital should take the initiative.

As a matter of fact, the extension of means of transportation was a noticeable feature in Latin America during the year 1910. The most remarkable event was the opening of the railway tunnel through the Andes, by which a train service was established, so it could be carried on without interruption throughout the year, between Buenos Aires, on the Atlantic shores of South America, and Valparaiso, on the Pacific. Another accomplishment of international interest is the construction of the bridge over the Suchiate River, forming at that point the boundary between the Republics of Mexico and Guatemala. Work was begun also on the short line to connect this bridge with the existing railway system in Guatemala, so that within a few months it will be possible to travel by rail between two other Latin American capitals, and as this is on the route of the Pan American Railway it will not be long before more capitals in North (Central) America are linked together.

Already in South America, besides the instance mentioned, another connection had been made in 1910. Montevideo, the capi-

* From the July Bulletin of the Pan-American Union.

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Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

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K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.
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tal of Uruguay, has been brought into touch with Rio de Janeiro, the capital of Brazil, by a somewhat circuitous route perhaps, but one which is altogether by rail. This accomplishment in Latin America has not aroused the interest it deserved, for although there is as yet no saving of time by the trip overland, nevertheless, when the schedule becomes well adjusted and trains are run regularly between the two points the advantage, both scenically and commercially, will be in favor of the land over the ocean route.

These advances in transportation are actual developments of the ambition of all Latin America, which is far-reaching and much nearer solution than the rest of the world realizes. For instance, construction was practically completed on the small interval still remaining to connect Asuncion, in Paraguay, with Buenos Aires, in Argentina.¹ Asuncion is also soon to have an outlet eastward to the Atlantic, as work was inaugurated in 1910 on the direct line between that capital and Sao Francisco, one of the best harbors in Brazil.

During the year the survey was completed of the railway in Bolivia, which, when finished, will unite La Paz and Buenos Aires, and from Santos, in Brazil, the first rails were laid on a line that will ultimately stretch westward to the capital of Bolivia. In Costa Rica the Pacific Railway was completed (although the formal opening did not take place until 1911), and this made the sixth inter-oceanic line opened in Latin America. On the Atlantic Ocean a most interesting event was the departure of a steamer, under the flag of the United States, for Buenos Aires, while on the Pacific a new line, under the American flag, was operated north of Panama along the west coast in anticipation of the Panama Canal, and south from that port a new line, under the Peruvian flag, began regular service. Steamship connections to both coasts of South America were improved.

Central America was brought much nearer by the schedule of a fast steamer between Salina Cruz, in Mexico, and ports in Salvador. Excursions, also, on special steamers to many ports of Latin America, which promise well as a commercial undertaking, were a gratifying indication of the increasing interest in those parts of the world. It is impossible to realize the rapid advance of the railway and to appreciate how completely the traditional isolation of the capitals of Latin America is being negatived.

Another sign of the disappearance of the mysterious and of the documentation of the actual, especially noticeable in 1910, is the important number of expeditions projected or already started by the United States scientific bodies into the interior of South America, for the purpose of simple exploration, or of collecting exact data on scientific and commercial conditions. In Panama a biological survey of the Canal Zone is in progress, the result of which will interest students and business men alike. In Venezuela two expeditions, and in Colombia one, began work in 1910. Others, especially those of Prof. Bingham for Peru and Mr. Muir for the Amazon River, were planned during that year, but were not ready until in 1911. In the Lower Amazonian region an expedition from the United States for zoological exploration received the support of the Brazilian Government, and the same Government has agreed to contribute a substantial sum for an extensive trip of investigation through the Republic to be made by the English traveler, Henry Savage Landor. Other expeditions of similar character have been in operation in Central America and Mexico.

These are indications of the widespread interest shown during the past year in the natural resources of the wide area of Latin America, and commercial ambitions are equally awake to the advantages of better acquaintance with these countries. The Governments themselves are sincerely disposed to encourage closer intimacy, and as one proof of their friendship, it should

¹ June, 1911. This interval is now completed, and train service has been established between Buenos Aires and Asuncion.

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REAL ESTATE

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V. M. Garces, Manager.

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President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

he noted that in two instances, at least, the differences concerning navigation of internal waterways has been cleared away. Brazil has settled amicably with Uruguay the use of the Jaquarão River and Merim Lagoon, the waters forming their boundary on the Atlantic coast; and Uruguay and Argentina have likewise settled the use of the waters of the Río de la Plata, so that these two rivers have become practically international streams.

Several other questions for a long time at issue between Latin-American nations, as that of the boundary between Brazil and Peru, have been solved by treaty, or are by way of solution through arbitration. Peru and Colombia have entered into such treaty, and the Bolivia-Peru dispute has been settled amicably. In fact, the Latin-American Republics have been the first to grasp the benefits of the theory of arbitration, and have shown themselves most consistent in their advocacy of the practice before The Hague Tribunal.

In 1910 Latin America was very active in ratifying or promoting international conventions which will, when made effectual, facilitate international acquaintance and movement, upwards of 20 such documents having been signed during the year. The postal convention between the United States and Uruguay was concluded, and this latter Republic had the distinction of being selected as the meeting place for the South American Continental Postal Congress which was held in Montevideo in January, 1911. The result of it will be of far reaching benefit not only to the ten Republics of South America, but to the entire world.

At international gatherings of various interests and purposes attendance by delegates from Latin-American Republics was noticeable, and their influence was always recognized.

In many unofficial affairs, like the Esperanto Congress in Washington, Latin Americans were likewise active. Among aviators, Santos Dumont, of Brazil, retained the prominent place he won long ago by his enthusiasm and energy. Unhappily, two

deaths are to be recorded, Moissant, once a resident of Salvador, having lost his life in a daring flight in the United States, and Jorge Chávez, of Peru, being killed in an equally hazardous attempt to fly across the Alps. The spectacular character of aerial navigation appeals to the ardent nature of the Latin, and meets for the demonstration of the flying machine became very popular in the larger cities of both North and South America. In sports, in art, and in literature the people have been appreciative, one book at least, Chanaan, by a Brazilian author, Greca Aranha, having been pronounced by one of the greatest of European critics to be the most wonderful book of its kind ever produced in America.

In science one accomplishment merits notice; that is the observation in the Southern Hemisphere of stars up to the seventh magnitude, a work completed, thanks to the wonderfully clear atmosphere of the eastern slope of the Andes, in 1910. It may be added that this, and a wonderful trip along the source of the Amazon during which valuable data on terrestrial magnetism were gathered, resulted from the activity of the Carnegie Institution of Washington.

Throughout Latin America the year 1910 was eminently prosperous. In the matter of commerce, all reports are satisfactory, and the figures of international trade for the twenty Republics total a higher sum than ever before in their history, not a few of these nations having increased both imports and exports to a really astonishing degree. More interest also has been shown by the outside world in Latin America.

The Columbus Memorial Library of the Pan American Union received during 1910 more literature of a popular and technical character relating to these Republics than ever before. Many books from England, Germany, France, Spain, and Italy have been published on the subject, and the London Times recently issued, to meet the plain demand for current information, a South American Supplement, which should be called the Latin-American Supplement, if the real field of that monthly edition were

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Capital

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J. M. ROBLES, Cashier

Banco Mexicano de Comercio é Industria

Established 1906

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Acts as Cuban Correspondent of American banks and transacts a general banking business in

— C U B A —

to be expressed in the title. Great interest was aroused in the proposed exposition to be held in 1915 to celebrate the opening of the Panama Canal,² and in many ways organized effort is being directed toward preparation for that event.

Important international meetings bearing upon American matters took place in various parts of the Americas during 1910.

The Fourth Sanitary Conference was held in San Jose de Costa Rica, commencing December 25, 1909, and extending its sessions into the first days of January. The Second Central American Conference met in the city of San Salvador, February 1 to 5. They discussed questions of practical bearing upon the members of the International Union of American Republics, and all have been fully reported in the Monthly Bulletin of the Pan American Union.

The Fourth Pan American Conference was held in Buenos Aires between July 12 and August 25. Its transactions were fully reported in the Bulletin (November, 1910, pp. 793-818), but a few of the notable activities should be mentioned. The name of "The Pan American Union" was adopted in place of "The International Bureau of

the American Republics;" the director became director general, and the secretary assistant director. The scope and purpose of the Pan American Union were extended; resolutions encouraging the Pan American Railway, patent and trade-mark laws, uniform consular invoices, arbitration, exchange of professors between universities in the various Republics, among numerous conventions, were passed.

A great feature of the conference was the award of a medal to Mr. Carnegie as the benefactor of humanity—a spontaneous tribute of gratitude for his work from the 160,000,000 people it has benefited.³

The sad death of President Obaldia, of Panama, as well as that of President Montt, of Chile, in Bremen, Germany, followed by that of his successor, must be recorded in 1910, and the disastrous earthquake in Costa Rica, nearly ruined the city of Cartago and did entirely destroy the Palace of Justice erected by the generosity of Mr. Carnegie. (This is to be built again in San Jose.) These are the only dark clouds on an otherwise peaceful and progressive years. Politically, disturbances occurred in some of the Republics, and conditions existing at the beginning of the year were changed by violence. Nevertheless, the second decade of the twentieth century was ushered in for Latin America with a decided step in advance for all sections of that area.

² The Congress of the United States early in 1911 approved the plans offered by the city of San Francisco, California, for this international exposition. San Diego, California, has decided to hold an independent exposition, in no sense antagonistic to that of San Francisco, with the intention of establishing a permanent record of several of the intimate phases of historical and non-commercial relationship between the United States and Latin America.

³ This medal was presented to Mr. Carnegie in the assembly hall of the Pan American Union, in Washington, on May 5, 1911. A report of the event appeared in the Bulletin for May, 1911, p. 837.

THE A. B. A. FORM OF BANK BURGLARY POLICY

THE committee of the American Bankers' Association on fidelity bonds and burglary insurance has prepared and are now about ready to offer a new form of bank burglary and robbery policy prepared by the general counsel of the A. B. A. Joint conference of this committee and of representatives of the leading burglary insurance companies has been held and the entire subject thoroughly compassed, resulting in a general approval on the part of the companies, and their agreement to write this new form of policy for members of the American Bankers' Association, the companies of course continuing also their own standard form of policy.

The entire banking fraternity recognizes and appreciates the extremely valuable service rendered by the American Bankers' Association in this and in a variety of other ways, in zealously safeguarding at

all times the interests of its members, and appreciates none the less the ready willingness also of the insurance companies to make their already liberal policy forms still more acceptable to the banks of the country.

Hon. Thomas B. Paton, General Counsel A. B. A., regarding this new policy form, says:

"This is the result of a year's labor, beginning with the tentative draft prepared by me a year ago. Several meetings of the committee on fidelity bonds and burglary insurance have been held and, in a three days' session in New York, last June, the draft was gone over section by section, and finally agreed upon. Our members will now have the advantage of being able to obtain (1) a uniform policy, and (2) better safeguards than in any of the existing policies."

NINTH ANNUAL CONVENTION OF THE AMERICAN INSTITUTE OF BANKING, ROCHESTER, N. Y., SEPTEMBER 7, 8 AND 9

INSTRUCTIVE ADDRESSES BY PROMINENT SPEAKERS—RAYMOND B. COX, OF BALTIMORE, ELECTED PRESIDENT—CONVENTION GOES TO SALT LAKE CITY IN 1912

BEAUTIFUL Rochester, one of the foremost convention cities of America, was invaded on the night of September 6 by a delegation of 500 embryo bankers and guests, come to take part in the ninth annual convention of the American Institute of Banking.

On the morning of September 7 the convention got into full swing at the Hotel Seneca, with addresses of welcome from Mayor Edgerton of Rochester; Henry C.

then discount clerk, was retained by the First National Bank to assist in liquidating the dissolving bank. In 1909 he became a semi-official, with the title of auditor and this is his present connection.

Mr. Cox, early realized the advantages held out to bank clerks by the American Institute of Banking study courses, and for four years remained a quiet, studious member. He first became an active worker for the Institute cause when called upon to uphold the honor of Baltimore chapter in debates with A. I. B. representatives from other cities. He has served on the Board of Governors of Baltimore chapter, and has held the offices of vice-president and president. Mr. Cox is a regular attendant at the Institute conventions, has always taken an active part in the proceedings and has served on many of the convention committees. To Mr. Cox, as chairman of the 1911 program committee, much credit is due for the splendid program prepared for the Rochester convention. The First National Bank of Baltimore has been represented at a number of State bankers' conventions by Mr. Cox, whose Institute and individual activities have given him a broad acquaintance and observation.



RAYMOND B. COX

AUDITOR FIRST NATIONAL BANK OF BALTIMORE.
NEW PRESIDENT AMERICAN INSTITUTE
OF BANKING.

The new president of the American Institute of Banking gained his first practical banking training in the Manufacturers National Bank of Baltimore. This was in 1901. When that bank was absorbed in 1903 by the First National of Baltimore, Mr. Cox,

Brewster, president of the Traders National Bank, and T. H. Hamlin, president Genesee Valley Trust Company. To these sincere words of greeting appropriate response was made by B. C. Downey of Indianapolis, chairman of the Executive Council of the Institute, who stated in an inspiring way the real purpose of the Institute and what the convention proposed to do.

Then followed the address of the president, Ralph H. MacMichael of Seattle, in which he reviewed the year's works and spoke of the pleasure it had afforded him to visit the various chapters and observe the good work they were doing.

The Thursday morning session came to a close immediately after the reading of the reports of the Executive Council, the secretary and treasurer.

Thursday afternoon the delegates had the pleasure of listening to Hon. Edward B. Vreeland, vice-chairman National Monetary Commission, deliver an address on the "Reserve Association of America."

Early in his address, Mr. Vreeland said that the banking system of the United States lacked leadership and a method of co-operation between the banks, fixed and



DELEGATES ON TRIP THROUGH BEAUTIFUL "SONNENBERG," CANADAIGUA, NEW YORK

regulated by law, under which their mighty resources could be fixed to ward off panic and distrust. He said further that it was difficult to imagine how the country's system of note issue could be worse than it is. He continued as follows:

Two great reforms, then, are needed in our system. First, a currency based upon gold and commercial paper indorsed by banks, which will be responsive to the needs of business. Its increase and decrease should be automatic. Following the example of the other great nations of the world, this note issue should come from a central organization, under regulation of law.

Second, a mobilization of a part of our

cash reserves, say, four or five hundred millions of dollars, in the hands of some central organization where it can be used instantly and in overwhelming quantities wherever needed.

These two principles have been adopted by every civilized nation in the world except our own, although the method of applying them varies in different countries. What we must do is to adopt these financial principles and adapt them to the different conditions and needs of the United States.

This does not mean that we could set up here the Bank of France or of England or of Germany or the United States Bank of Andrew Jackson's time. None of these would be suitable for the conditions



"LIVE ONES," WAITING IN CANADAIGUA, N. Y., TO TAKE THE TROLLEY BACK TO ROCHESTER

prevailing in the United States. Our people are especially afraid lest such an organization, if created, shall fall under the control of great financial interests or become the subject of political contention. It must be absolutely plain to our people that neither of these things can happen and that the paper money issued shall be as good as the present bond-secured currency.

National Reserve Association.

I believe that any intelligent man, who will study and understand the plan of the National Monetary Commission, will admit



C. F. MINOR, PRESIDENT NEW YORK CHAPTER
AND F. W. ELISWORTH, PUBLICITY MANAGER
GUARANTY TRUST COMPANY OF NEW YORK.

that it is a plan under which money panics would be impossible, interest rates lower and more uniform, and financial or political control impossible. It embodies the best thought and discussion on the subject of the last three years.

The Legislative Committee of the American Bankers' Association, composed of more than twenty prominent bankers representing every section of the United States, after careful study has pronounced the plan fundamentally sound, recommending, however, some changes in its organization. It has been unanimously approved by professors of political economy and financial writers both in this country and in Europe.

This plan creates a National Reserve Association located in Washington, with an authorized capital of three hundred mil-

lions of dollars. It can do business only with banks and with the government. Any bank which reaches a fixed standard, state or national, may be a stockholder to the extent of 10 per cent. of its own capital. The stock is non-transferable and cannot be voted by proxy. The governor and two deputy governors are appointed by the president of the United States, from a list of names, however, selected by the directors of the Reserve Association. Under this plan the management is de-centralized. Under this plan while the note issue and a portion of the cash reserves are centralized, the management is de-centralized so that the whole country is equitably represented.

Board of Forty-Five Directors.

Under this plan the country is divided into fifteen districts. The board of Directors consists of forty-five members and each one of the fifteen districts elects its own members of the board. Twelve directors must be selected who shall not be bankers or legislators, but who shall fairly represent the industrial, agricultural and commercial interests of the country.

The dividends which the Reserve Association may pay to stockholders are limited to five per cent., the balance of its earnings going into the treasury of the United States. The Reserve Association may purchase short-time commercial paper, but it cannot loan upon stocks or bonds nor purchase stock or bonds, except bonds of the United States and of the several states. It may issue bank-notes based upon forty per cent. of gold in its vaults and commercial paper indorsed by banks.

The National Reserve Association is exactly opposite in principle to the United States Bank of Andrew Jackson's time. That bank was a great monopoly; it was a money-making machine; it existed for the benefit of those who owned it; it was the enemy and competitor of every other bank in existence; it established branches in all the cities of the country; there was no limit upon the dividends it might pay; it was simply a great monopoly chartered by law.

Would Prevent Monopoly.

The National Reserve Association will be created for the purpose of fighting and preventing monopoly. It will be impossible for it to monopolize, because its powers are limited by law. It will have no purpose to monopolize, because all of its earnings above five per cent. will go into the United States treasury. If the dividends of the Standard Oil Company could be limited by law to five per cent. and the balance of its earnings go into the United States treasury it is evident that its whole incentive toward monopoly would be destroyed.

The reform of our banking and currency system must be kept out of politics. There is no present division between parties upon this subject. It should be studied from a scientific and economic standpoint rather than from the standpoint of partisan politics.

The bankers through their state organizations, the business men through their trade organizations, and intelligent people generally, should study the subject, agree upon

the plan best suited for all parts of the country and then demand of Congress that it be enacted into law.

At the conclusion of Mr. Vreeland's address the prize essays on "The Reserve Association of America," were read, and then the convention entered into a general discussion on this subject, Mr. Vreeland answering convincingly all objections and questions that were advanced by the interested delegates.

The winner of the first prize for the best essay favoring the plan was John Works of Pittsburgh; second prize, Robert I. Simmons of Chicago. The first prize for the best essay opposing the plan was awarded to Alexander Wall of Milwaukee and the second prize to E. A. Havens of Providence. The committee of award consisted of Fred I. Kent, vice-president of the Bankers' Trust Company of New York and the first president of the Institute; A. H. Wiggin, president of the Chase National Bank of New York, and Joseph T. Talbert, vice-president of the National City Bank of New York.

On Thursday night at 8 p. m., a session was held to consider amendments to the constitution of the American Institute of Banking.

FRIDAY'S SESSIONS.

It was nearly eleven o'clock before the delegates assembled for the first business session of the second day, but there was spirit and enthusiasm enough to make up for the tardiness. Hon. Lawrence O. Murray, Comptroller of the Currency of the United States, was the principal speaker. He was introduced by the educational director, George E. Allen, who presided, and addressed the gathering on the subject, "The Boy Who Gets Up."

"Gentleman," Mr. Murray said, among other things, "the first rule that the boy who gets up must follow is the rule that requires him to know his business. The hardest thing to find to-day in this country is the man or boy who brings back results and not always puzzled excuses.

"The who gets up must be prepared to meet discouragements. If you have, in the warp and woof of your make-up the necessary voltage, opportunity will make the contact, and you will surely win.

"The next message I bring to the boy who gets up is that he must be accurate. If there is one rule that will make for success if you follow it and for failure if you don't follow it, it is contained in the two words, 'be accurate.' Never, under any circumstances, turn in a piece of work with the statement that you believe it is right. Know it is right, or don't turn it in.

"The last message for the boy who gets up is 'Keep out of ruts.' The trouble with the young man of to-day is that he relies, not on himself, but on some will o' the wisp influence, political or social, to pull him up.

Keep out of ruts and prepare yourselves to fill the next position above your own.

"And now, boys, just a word in closing, and remember it in the days to come. Believe that you will win because you want to win and because you think you are worthy. Be earnest, practical and prepared for higher work than the work you are doing. And remember that your best reserve is your



F. A. CRANDALL

VICE-PRESIDENT NATIONAL CITY BANK OF CHICAGO, ELECTED MEMBER EXECUTIVE COUNCIL BY FELLOWSHIP CLASS

reputation in the community where you live as a square, straightforward, conservative, conscientious banker."

Comptroller Murray was enthusiastically received and his words of encouragement found lodgment in responsive minds. He was cheered heartily on leaving the platform.

Educational Director Allen then recognized the fellows who desired to enter the Chapman prize contest on "Institute Education." The first prize for extemporaneous speaking was awarded to Andrew C. Dorris of the First National Bank of Nashville and the second prize to J. A. Broderick of New York.

Friday afternoon's session was devoted to a symposium on the subject of "Cost Ac-

counting in Banks," one of the live topics of the day among banking men. E. H. Ensell of the National City Bank of New York and Harry Grut of the Continental & Commercial National Bank of Chicago talked interestingly, based on their experience in these large institutions.

Friday night delegates, visitors and guests made merry in the convention hall,

in no small measure, toward setting a higher standard in the banking profession. I am a thorough believer in organizations of this type. United effort is a shortcut of modern days. In the work of the institute you are building men; you are molding character; you are supplying an atmosphere which, let us hope, will never fail to respond to the drafts made upon it.

The organization of the present body and



WM. M. ROSENDALE

ASSISTANT CASHIER MARKET AND FULTON NATIONAL BANK OF NEW YORK, ELECTED
MEMBER EXECUTIVE COUNCIL BY FELLOWSHIP CLASS.

the entertainment taking the form of a smoker and Dutch lunch.

SATURDAY, SEPTEMBER 9.

At the last morning's session of the American Institute of Banking, President James G. Cannon of the Fourth National Bank, New York City, delivered an address, in which he said:

My interest in the welfare of the American Institute of Banking is of long standing, and the splendid development it has enjoyed has been a great satisfaction to me. The spread of its influence is plainly noticeable, and its teachings have not only materially benefited the individual, but contributed,

the drafting of its constitution was finished in my office in the Fourth National Bank, in the spring of 1901, and I had the honor of being elected its first treasurer and a member of its board of trustees. On July 1, 1901, after serving only a few months of his term, Mr. Cornwall, the first president, retired, and on August 2, 1901, I succeeded him.

Stable Institutions Here.

This is a brief outline of my official connection with you, and, as an old officer, and as one of your friends, it therefore gives me great pleasure to be present and to address you upon this occasion.

I was delighted when informed that this convention was to be held in Rochester, for no one can visit this beautiful city in

the Genesee valley, almost within hearing distance of the waves of Ontario, without being deeply impressed by its broad avenues, handsome residences and stately business and municipal buildings. Its great waterpower, its busy manufacturing establishments, its numerous industries, all contribute to make it one of the most substantial, as well as one of the most attractive cities of this great Empire state. Rochester is justly celebrated for her stable and conservative financial institutions, directed by men of broad views and a spirit of progressiveness, and this has contributed much toward the city's general prosperity. This same spirit of progressiveness is plainly evident in the younger banking element, as is shown by their active campaign to secure this convention for their city.

The Institute's value to bankers is not yet fully appreciated. The great need today is for all-around bank employees; men who can be advanced to higher offices. Banking is being highly specialized, and the growth in many banks has, to all practical purposes, brought them to "departmentize." Men are wanted who can realize the importance of each department and grasp the machinery of the whole bank; who can fit themselves into the intricate work with a knowledge of the whole. The banking world of to-day is not getting as good material as was the case several years ago, simply because many bright, active men seeking positions, feel that there is less chance of advancement in the profession than formerly. While consolidation and concentration continue, bank employees do not feel as strong and sure in their positions as formerly, and we are losing many valuable men from our ranks.

Possibilities for Young Men.

I see in the Institute great possibilities for young men. Those who enter upon its work can, by proper application and attention, attain a knowledge of banking as a whole which they cannot obtain as "department" men, and also secure a surer footing which enables them to maintain and control good positions, no matter what may occur in the way of consolidation or otherwise. I believe the day is not far distant when bank officers will ask a candidate for a position to show his credentials as a member of the Institute of Banking. To that end the work of the Institute must continue essentially practical in every department. What I mean by "practical" is that it must better fit men for the actual things they have to do, rather than by theorizing on things remotely related to the work. The theory of banking as written is one thing, but the actual working of a bank, from day to day, with all the problems to be solved, is quite another thing. It is proficiency that is wanted by bank officers, and the Institute, through its classes and lectures, can make men more proficient and, with a higher degree of proficiency, they can earn larger salaries and increase their prospects of promotion. When the Institute, through its various workings, reaches the point where by its aid it enables a man to increase his pay, you have certainly solved the problem of its success.

The volume of business is continually growing larger in this country. The buying

and selling of commodities, the transaction of all kinds of business, naturally become greater, and there is no line of business to-day needing trained experts more than banking men who can run departments on what is called the "new efficiency basis," who by care and study can develop each separate department to its highest service at a minimum of expense.

Enlarging Activities.

The financial institutions are endeavoring to give their depositors better and better service. They are enlarging their sphere of activities and doing things which twenty-five years ago were never considered as relating to the banking business. This is being done at a higher expense-ratio, and it has now become a study on the part of bank officers how to give the best service at a minimum of expense.

As time goes on and financial institutions multiply, competition will become keener. The important question of interest on deposit will force itself to the front, and this will bring up the question of how to offset interest payments and still handle business with maximum efficiency and minimum of expense; and every good bank officer has this constantly in his mind. This is why we are all turning to labor-saving devices, and we must now give equal attention to the efficiency of service of our employees. The machinery of a bank must move with as little lost motion as possible; that is why we insist upon punctuality, strict attention to duty, and have extra men at hand so that employees will not be overworked and the service to depositors delayed.

These, and many other questions of like character, are receiving the attention of bank officers. If the Institute in its work can answer some of these problems, it will receive the support and commendation of the entire banking fraternity, and there will be a hearty response to its calls for enlarged facilities.

This demand for efficiency of service is a great boon to the progressive bank employee because it affords the opportunity to develop his powers of observation and to study closely the requirements of modern banking. No matter in what department of a bank a man is placed, be he messenger or president, he can develop these powers and make a careful study of the institution with which he is connected, and by attending the meetings of the Institute he can familiarize himself with the methods of other institutions, thus fitting himself for a better position.

Prizes for Suggestions.

I am heartily in favor of a plan which has been introduced into some banking institutions: namely, the offering of prizes for the best suggestions in reference to the interior working of the bank. In the Fourth National Bank we have posted the following:

The Fourth National Bank offers four prizes: \$50, \$25, \$15 and \$10, payable December, 1911, for the best four original suggestions, the adoption of which will result in the improvement of the service, economy of administration, or general advancement

of the business. All suggestions must be submitted in writing not later than November 1, 1911.

This is an opportunity for everyone connected with the bank to show their individual interest in its welfare.

James G. Cannon, President.

I feel that if bank officers generally would foster a spirit of helpful suggestion from their employees they would save money, and, at the same time, would handle the work in

who could feel that some one had their interests at heart.

Hygienic Matters.

I would also like to see a committee appointed to educate men in simple hygienic methods. No man can succeed in business who neglects his physical welfare; and in this day of intense competition, there is no place for dull, stupid and listless men; men whose torpid livers make them cross, cranky and crabbed, and whose late nights give them sleepy days in which they make errors, retarding the work of the whole bank; nor to the cigarette fiend whose yellow fingers and dull eyes show that his brain is not working to its highest efficiency. A committee in each chapter could do much toward pointing out a few things, not an elaborate number, to the men so they could protect themselves. To do good work, every man must recognize that he must put up certain barriers around himself. No one can do it for him, but if the institute can, by simple methods, point out what some of these barriers are, it will do much for its membership.

I would also have this committee bring before the various chapters for discussion, the question of banks supplying lunches for their employees, which is now being done more and more. All of these things make for efficient service.

Before closing, I want to sound a note of warning in connection with the work of the Institute, and that is in reference to its politics. There seems to be a feeling on the part of a good many bank officers, and a good many young men connected with the Institute, that the politics of the Institute are taking up too much time and that there is more strife in that direction than in any other.

Too Much Politics.

From my intimate knowledge of many years' standing with organizations of this character, the minute politics begin to enter into deliberations of conventions of this character, just that minute their usefulness will cease, and I want to warn you young men that if these conventions simply degenerate into strife for position and office, you will not accomplish the work for which the Institute was intended and that you will not receive the respect and consideration of the bankers of this country which you deserve.

I am just old-fashioned enough to believe that the offices of an association of this character should seek the man and not the man the office, and in the estimation of many of the bankers of this country, what might be called the parent organization of the Institute. The American Bankers' Association has altogether too much politics in it, and the time of the delegates at their conventions has been taken up entirely too much in the past in fixing up political fences rather than doing real business, and I hope as the Institute grows you will eliminate from it all of these extraneous matters.

In closing, I thank you for your kindly interest and attention, and hope what I have said may be of some service to the work of the institute.



B. O. HILL

SECOND NATIONAL BANK OF PITTSBURGH,
ELECTED TO THE EXECUTIVE COUNCIL
AT ROCHESTER

the interior of the bank, as well as their dealings with the public, with a great deal more ease and satisfaction.

This leads me to another matter which I feel should be taken up by every chapter of the Institute of Banking:

I am in favor of the appointment of a "confidential committee," composed of from three to five of the best and most level-headed men in each chapter, to whom any member out of a position may make his wants known, and to whom bank officers may apply when they are in need of efficient men. I believe this is done in some chapters, but I would go one step further and permit this committee to receive applications from members of the chapter, who, for good and sufficient reasons, desire to make a change in position. I believe such a committee would be welcomed by progressive bank officers and I am sure it would be of great service to the members

Regarding the politics of the Institute, to which Mr. Cannan referred, there seems to be a wide divergence of opinion among the members as to its effects. Indeed the defeated candidate for president, Byron W. Moser of St. Louis, said that he enjoyed his campaign for votes and was only sorry that he had not actively taken the field in other years for other candidates. The fight over the Fellowship Class came to the surface during the convention, but the zealous work of Mr. MacMichael, while president, and the earnest efforts of Executive Council chairman, B. C. Downey, have caused about sixty per cent. of the Fellows to secure the Institute certificate, and others have expressed their intention of taking the prescribed courses.

The Saturday morning session wound up with the election of officers and the awarding, through the council, of the 1912 convention to Salt Lake City.

The following officers were elected: President, Raymond B. Cox of Baltimore; vice-president, Joseph S. Bradley of Spokane;

secretary, Andrew C. Dorris of Nashville, Tenn.; treasurer, Carl F. Diether of St. Paul, Minn. Members of executive council, William H. Farr, Detroit; B. O. Hill, Pittsburgh.

Mr. Cox, for president, defeated Byron W. Moser of St. Louis, 287 votes to 189. For member of the executive council, Charles H. Marston of Boston, the retiring secretary, was defeated. These were the only two contests.

William M. Rosendale, assistant cashier of the Market and Fulton National Bank of New York and an ex-president of New York Chapter, and F. A. Crandall, vice-president of the National City Bank of Chicago, were elected to the Executive Council by the Fellows Class.

The 1911 convention of the American Institute of Banking wound up with a delightful excursion trip through "Sonnenberg," Canadaigua, N. Y., the delegates going from Rochester on special electric cars, chartered for the afternoon by Rochester Chapter.

McGraw Electric Railway Manual

STATISTICS published in the 1911 edition of the McGraw Electric Railway Manual, which has just been published, show the miles of track, cars operated and capitalization of electric railways of the country in 1910. Statistics are also included, giving the principal returns of the companies which make public the details of their financial results of operation.

According to the total returns for 1279 companies, the aggregate number of miles of track operated in 1910 was 40,088. These companies operated 89,601 cars and had \$2,380,011,921 capital stock outstanding, and \$2,302,094,296 funded debt outstanding. The total capitalization outstanding was \$4,682,106,217. In previous years, comparison of the returns made to this work of reference have been given within a few weeks after publication of the volume in the Electric Railway Journal, in connection with which the McGraw Electric Railway Manual is published. The returns this year, however, are published in the manual, together with a comparison with the returns compiled in previous years. The comparison shows a small increase in the operating companies, the number of which was 1,253 in 1909. The total miles of track reported in 1909 was 40,490, and the decrease that is shown is due to the differences in the classification of the figures for the two years. The elimination of duplications in the re-

ports of underlying and controlling corporations, makes an apparent decrease in the miles of track as well as in the total number of cars operated. The aggregate number of cars operated in 1909 was 91,953, according to the returns compiled for that year. A similar reduction is shown in capital stock outstanding, which amounted to \$2,427,935,397 in 1909. The apparent decrease is due to the elimination, so far as could be determined, of inter corporate holdings of securities. The amount of funded debt outstanding, on the other hand, showed an increase in 1910 as compared with 1909 of \$77,294,060. The net change in total capitalization outstanding in 1910 as compared with 1909, owing to the increase in funded debt, is a gain of \$29,370,584. The returns published in previous years in the Electric Railway Journal have not included a compilation of authorized capital stock and funded debt, but the totals for these items have been compiled for this year. They show the total authorized amount of stock of electric railway companies in United States in 1910 was \$3,135,443,005. The amount of authorized funded debt at the same time was \$4,047,275,207, making a total authorized capitalization of \$7,182,718,212. In the tables, returns are divided by States, and by groups of States, following the practice of the corresponding compilation in previous years.

BANKING PUBLICITY

Conducted by T. D. MacGregor

A PARABLE OF BUSINESS

By Carl Irving Robinson

NOT many years ago the banker, miller, wagon-maker and blacksmith were regarded as individuals of first importance in the village. Each was in close touch with, and highly respected by every resident because the village was small. It was not uncommon to see the banker bouncing a neighbor's baby on his knee, or to have the blacksmith drop in for an evening's chat. But the village grew into a thriving metropolis. Time did not permit these leading citizens to cultivate the acquaintance of the newcomers as they arrived, even had such a course been possible. But how were they to be reached? How were they to learn that the banker paid interest on moneys? That the miller ground grist? That the blacksmith shod horses? That the wagon-maker made wagons? All but the banker decided in one voice: "We'll send our message, save our time and thus reap a larger profit through the multiplication of our efficiency. We'll send out representatives and then we'll advertise." This they did for many years. Their sales forces increased to an army and their businesses in proportion to the growing population. Their advertisements may be seen in all the magazines of the day, but mark you—they sent their salesmen and perfected their inside organizations before they advertised.

But what became of the banker? When the others decided to send their messages, he withheld and said, "No! I will not solicit business either by salesmen or advertising. I am great and influential enough to ignore the example of my fellow-tradersmen. Instead of having to go to the people, the people will have to come to me—my services are indispensable." For many years he pursued this policy until he heard of the wonderful success achieved by the others. 'Twas true he profited somewhat by this success because it increased the capital of the community, kept the coffers of the other three full and inadvertently prospered his bank, as all this money passed through his hands. But he felt that still he was not at the root of his problem. The thought annoyed him that perhaps he had made a mistake. Finally his attitude changed. He decided that his real field, his most prosperous field, lay in the individual residents of the metropolis, in their savings accounts. He had been handling this business in a small way, of course, but had always regarded it as secondary.

But he awoke to the fact that the miller, blacksmith and wagon-maker each paid their employees, as did also a multitude of merchants and other business men of the city, and these employees held their money for quite a while before it again reverted to the banker. So why shouldn't the banker have the use of these rainy-day funds until they were needed?

AN ERROR OF ANALYSIS.

The banker's policy changed. He decided to emulate the example of his prosperous townsmen, but he made an error right at the start, an error in analysis. Instead of properly summing up the factors of his proposed new-business campaign and arranging them in logical order, he discarded the most potent one, personal solicitation, and commenced to advertise. First he patronized programs and other mediums of a complimentary nature, his purpose being to initiate the public gradually to his change of policy; later, he took small regular space in his local paper and inserted a dignified card of his bank. These efforts bringing little return, he changed the tone of his advertising, pointing out the advantages of saving and thrift, still to little avail. Finally, he re-analyzed his situation. "Here is Smith, the wagon-maker," he reasoned, "Smith has educated the public to leave all the details and trouble to Smith; to give Smith the order and he'll pay the freight and do the rest. When he receives a hint as to where business is to be had, he sends a man to present the matter direct, reflecting all the many year's honest dealing of Smith's career. He has educated the public to expect this, and so has the miller and the blacksmith." But a conflicting doubt interposed: "My business," the banker pondered further, "is, of course, on a different basis, a higher basis, than Smith's . . . but is it? Is it beneath the dignity of my bank to solicit business or is it my duty to the public to apprise them of the advantages of my services? If the former, why does Brown, the insurance man, send out agents? His business is on a par with mine. Is it my personality that keeps my bank prosperous or is it the demand of the public for my institution? And in its relation to the public, is Smith's business different?" And a great light dawned—conditions indeed had changed.

EDUCATION IN THRIFT.

There exists in this country an enormous class, a class composed of the younger element—clerks, stenographers, office managers, mill workers, laborers, etc., who seldom enter a bank until their habits have become so fixed that their account serves only as a means to keep their small surplus safe until they spend it. This is because the typical young man or woman requires urging and careful education before he or she can be induced to depart from the "easiest way" of living. But if properly approached and followed up, a majority of this class would very soon fall into the habit of saving, providing it didn't demand embarrassing questions, the passing of uniformed attendants, pompous in their brass-button regalia, the entering of imposing marble walls, etc. If a member of this class were approached tactfully and courteously, enlightened upon the details of a savings bank, the steps and rules attendant to starting a savings account and the advantages thereof, he would certainly enter enthusiastically into the spirit of thrift.

Such a change in savings bank policy would be properly clothed in the light of a public philanthropy. It would benefit the wage-earner in spite of himself. Once his account is secured, the man could be called upon regularly, preferably on pay day, and as a reminder a pocket or desk bank could be furnished him. He would be told that unless he chose, he needn't even enter the bank except to make withdrawals; that the solicitor would receipt for his money and credit his bank book. This plan would not be long in winning more friends than could ever be hoped for by advertising. In fact, advertising could be employed to augment the system of solicitation. The client would be saving constantly, he would feel friendly towards the solicitor and regard the bank as his benefactor. As many solicitors could operate as a close canvass of the territory justified. Special representatives could be employed among the workmen of factories and industrial plants. The city could be plotted and canvassed thoroughly, just as a wholesale grocer lays out his territory. The movement would be expensive the first year, and probably wouldn't pay, but could it fail in two or three years with the accounts secured constantly increasing and new ones coming in all the time? An advisory department could be a feature to prevent indiscreet investments and to keep in touch with the client's business that his future prosperity could be shared with the bank.

PERSONAL SOLICITATION.

The most progressive class of savings institutions in the larger cities are inaugurating a policy of solicitation and are placing small banks, distributing literature, in-

vading the schools and agitating the cause of saving generally, but to be a success this work must be followed up and the cases are few where this is being done. When a manufacturer succeeds in having a retailer or jobber carry his product, his energy does not end there. He sends his salesman to call regularly, to keep in close touch with the customer's needs. Is there any good reason, when banking competition is growing keener every day, why the banker should not extend such service. Manufacturers depend upon salesmen to create business as well as to secure it by competition and a comparison of the statistics of the average American wage earner with those of other countries will show that the new business for banks that remains to be secured would more than justify the expense involved in developing it. The establishment of postal savings banks would seem to make a radical move all the more urgent on the part of the savings bank fraternity, else, before long, the government will be keeping the surplus wages of the highest paid countrymen of the world, as the four per cent. inducement offered the saver is not a real inducement. If the real arguments were presented personally, such as the manifold possibilities of a savings account, how many men have become rich thereby, etc., the attitude of the prospective saver would change. And when savings banks are conducted upon a strictly modern business-getting basis, not only will the public, but the banker himself be greatly benefited by the change. From present indications, it seems that this condition is inevitable.

In transmitting the manuscript of the foregoing article, the author writes:

For several years past, I have been writing the copy for some of Pittsburgh's largest financial institutions. In this work, I have felt the lack of a strong organization of outside solicitors to not only follow up the leads obtained by advertising, but to create business by regular canvassing. I have championed my views for the past five years until I have succeeded in interesting a large trust company to a point where it is about to inaugurate such a system.

When the banking business is viewed broadly, there is really no reason why it should not extend the same personal service extended by all other businesses. And conditions seem to point to a time when the outside organization of a bank will be as well established and organized as the inside. The fact that a large savings institution of this city is invading the schools and educating the scholars to the advantages of saving is one indication of this; organized national bank solicitors form another; particularly favorable bank statements published in large newspaper space form another—all are indicative of the fact that bank competition is growing keener every day. But the rich savings field seems to have been neglected.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE First National Bank of Huntington, W. Va., believes that a banking institution should be prepared to do more than receive and disburse moneys for its patrons, and has been for some time past perfecting its system of correspondence and tenders to its depositors the use of these facilities in carrying out important deals, closing and delivering contracts, making collections, and in the handling of matters of consequence in any part of the world.

The following advertisement appeared in a St. Louis newspaper recently:

\$100 REWARD

In order to encourage the Savings Habit among the people of our city, I will give a reward of \$100.00 in cash to the person who will show the **LARGEST BALANCE** to his credit in his savings book, based on Regular Savings Deposits, made weekly or monthly, between July 1, 1911, and January 1, 1912.

This offer is good only when Deposits are made at the Savings Department of the **CENTRAL NATIONAL BANK**, 305 N. Seventh St., between Olive and Locust Sts. —JACOB BERGER, 305 N. Seventh St.

The bank drummer is a collateral development of bank advertising. Concerning him a writer in the *Saturday Evening Post* says:

The bank drummer, in all his phases, is a development of a relentless commercialism that is gradually leveling the barrier separating the professions from "trade." The banker of half a century ago would no sooner think of soliciting deposits than he would think of advertising, and yet both the solicitor and the advertisement now are generally recognized as essential factors in the success of the modern bank, at least if it be located in any of the centres of population. Like the physician and the lawyer, the banker of former days was content to sit in his office and with patience and dignity await the pleasure of the outside world; but the few who have steadfastly clung to the traditions of that generation have beheld their institutions languish in the clutch of that most insidious of commercial diseases, "dry rot." It cannot be said that the profession has accepted all the twentieth-century innovations complacently, but even today, when the triumph of the modern school is everywhere conceded, one occasionally hears an old-time banker call upon the shades of Hamilton and Morris in protest against the new order of things.

A West Virginia bank prints a card containing the terms of the bad check law of that State. This is for distribution among its customers.

The Union Trust and Savings Bank of Spokane, Wash., gives away a large folding ownership map of the business district of Spokane, containing abundant advertising matter of the bank itself.

The Savings Union Bank of San Francisco publishes in booklet form a convention address by its cashier, Mr. R. M. Welch, on "Segregation of Savings Deposits."

Mr. Ralph Croy, assistant cashier of the Bank of Buffalo, sends us a collection of cards and leaflets used by that institution. One of the best is a "Directory of Banking Facilities." This contains a floor diagram of the banking quarters, with reading matter explaining the functions and services of the various departments and officers.

Mr. John W. Wadden, president of the Lake County Bank, Madison, S. D., who has very good bank advertising ideas, writes:

I am enclosing a folder now being sent out in large numbers by this institution. The idea of this advertisement, together with some of the material, having been gained from a copy of a newspaper advertisement which appeared in your good Magazine a number of months ago.

Trusting that the same will prove of some interest to you, and assuring you that we find your advertising ideas and suggestions of invaluable assistance.

The copy referred to runs as follows:

THE STRENGTH OF A BANK.

In the discussion of Banks and Banking Methods, how often you hear this question: "How can the Average Person tell if a Bank is Sound and Strong?"



AN EARLY START

Because of the Interest in the Subject, and because a Bank is more or less a Public Institution, about which the People have a right to know, we propose to set forth briefly an Exposition of what Really Constitutes a Strong Bank and one Deserving of Your Patronage.

I. A Strong Bank must be well managed. Its Officers must be Capable Men who are thoroughly familiar with the Bank's Affairs and thoroughly alive to the best interest of its Patrons.

THE LAKE COUNTY BANK is such a Bank. It is under the direct supervision of the State of South Dakota. Its direction has always been characterized by sober conservatism and progressive management. Its Officers are honorable, trustworthy and capable business men.

II. A Strong Bank must have sufficient Cash Resources to meet all demands. This means that a large amount of money must be kept on hand, all of which is immediately available for use in emergency, should one occur.

THE LAKE COUNTY BANK ordinarily has 30 per cent. of its Deposits in Cash Reserve. This considerably exceeds all the requirements of the laws of the State of South Dakota.

III. A Strong Bank must have Ample Capital and Large Resources.

THE LAKE COUNTY BANK is particularly proud of its position in this matter. Having a Capital of \$50,000.00; Deposits of over \$450,000.00 and Total Resources of over One-Half Million Dollars.

IV. A Strong Bank must have a Flawless Record, and a Service for all Patrons alike, both large and small.

The record of this Bank is one we are proud of. Over a period of Twelve Years, its Policy of Conservatism has brought to it the Confidence of the Public, and the active support of its Friends and Patrons.

Having these Elements of Strength and Order; A Good Management; Large Resources; A Large Cash Reserve; and A Flawless Record, the Lake County Bank invites with assurance the Banking Business of the People of Lake County.

LAKE CO. BANK,
MADISON, So. DAKOTA.

The National Bank of Smithtown Branch, N. Y., prints its statement "so plain that all who read may understand." This is not a new "stunt," but it is very effective.

The Savings Union Bank of San Francisco does something in the line of safe deposit advertising we have never seen so well done before. It prints on a card the

following suggestions as to what properly should be kept in a safe deposit box:

BY INDIVIDUALS

Court Decrees	Diaries
Jewelry	Household Inventories
Old Coins	Contracts
Deeds	Rare Books
Mortgages	Deposit Books
Trust Deeds	Notes
Receipts	Wills
Cancelled Checks and Notes	Sketches
Heirlooms	Drawings
Fire Insurance Policies	Blue Prints
Life Insurance Policies	Stocks
Accident Insurance Policies	Bonds
	Leases
	Abstracts
Memorandum Books	Photographs

BY MERCHANTS

Mortgages	Cash Books
Contracts	Ledgers
Paid Invoices	Notes
Cancelled Checks and Notes	Stocks
Fire Insurance Policies	Bonds
Inventories	Leases

BY LODGES

Rituals	Notes
Charter	Record Books
Seal	Receipts
Bonds	Fire Insurance Policies
Stocks	Leases

MAY BE PLACED IN STORAGE

Furs	Cut Glass
Jewelry	Costly Laces & Silks
Silver	Paraphernalia
Rare China	Rare Paintings

"Thrift" is the title of a very good house organ issued by the Garfield Savings Bank Company of Cleveland, O. Enclosed in it is a blank reading as follows:

I Hereby Subscribe to the Rules and Regulations of the Garfield Savings Bank Co.

Signature

Address

The above signed applicant for membership in

THE STEADY SAVERS' CLUB

Hereby agrees to deposit at 4% interest, \$..... During the first week of every month, in the Garfield Savings Bank. If he fails to do so, the bank agrees to send him a reminder.

\$..... Enclosed to

Open an Account

Apply to Present Account

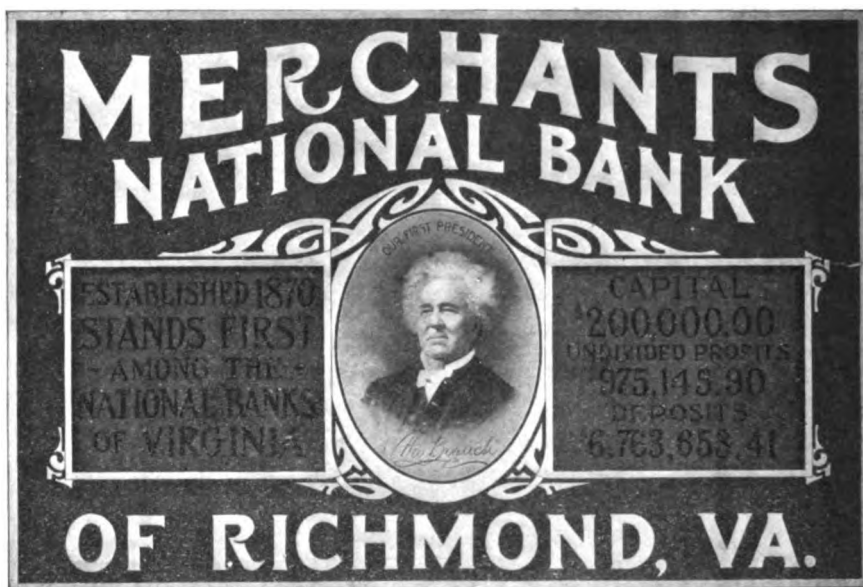
Send to Above

Keep

The Pass Book.

The.....office is most convenient.

The First National Bank of Troy, O., which institution was founded in 1847 and has subscribed for the BANKERS MAGAZINE



A NEAT CALENDAR BACKGROUND.

for forty-eight years, issues a good booklet explaining all the departments of its business. Old English sub-heads add dignity and "class" to the booklet.

The Mechanics and Farmers Bank of Albany, N. Y., a hundred years old this year, commemorated its centenary by issuing a very handsome brochure, containing much matter of historical interest and thoroughly illustrated.

The Wachovia Bank & Trust Company of Winston-Salem, N. C., which consistently and continuously issues good advertising matter, recently sent out an imitation hand-written letter to women, as follows:

Winston-Salem, N. C.

Dear Madam:

It is always in season and "good style" to talk to you of your own affairs in relation to banking of which the average woman is not so well informed as she should be.

A woman performs her duties so nobly that she becomes an inspiration and a force that holds men to that which is best and noblest in life.

Every woman owes a duty to herself and to her children as well in learning something of business and business methods.

Banks are the only institutions

helpful to woman in the careful and prudent handling of her money matters. Banks are easily reached and glad to co-operate and serve.

First, the bank account with this institution is a convenience. It is simple and safe and it gives you a record of all transactions. If you are wealthy, it proves of great usefulness. If you have saved this bank gives you a plan to increase the saving. This saving permits of the gratification of some cherished fancy or becomes of great value in the day when ready money is a necessity. Saving and spending through the bank gives business ideas and information that will stand every woman in good stead in a day when, upon her own knowledge, depends the proper management of her finances.

Then, the future of the children depends on their knowledge of the value of money, so, if there is any one woman who needs bank protection and advice conducive to business training, you are that woman, for, it not only helps you but enables you to train your child along a very essential line.

Read this letter again carefully. Consider it and remember you must act and that the Wachovia Bank and Trust Co. is ready to help.

Yours truly,

C. L. GLENN, Advg. Mgr.

DOES ADVERTISING PAY?

ACCORDING to *Finance*, published in Cleveland, O., the six leading banks that are systematic and persistent advertisers show a growth of deposits during the seven years from 1904 to 1911, of no less than \$57,973,308. The largest gain among the banks is that of the Citizens' Savings & Trust Company, a very large advertiser, which contributed \$15,076,923 of the above total.

As a noticeable contrast to the gain of the banks using modern methods of advertising is the gain of those institutions that, practically speaking, do no advertising at all except to publish their statements as required by law. The six leading banks in this class show a gain during the seven years of only \$11,965,359, which is less than 20 per cent. of the gain of the banks which advertise.

It would probably be unfair to attribute this showing solely as the result of advertising, since the bank advertising is usually active in all business-getting departments; nevertheless the figures are extremely interesting.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list by writing to the editor of this department. Watch each month for new names and add them to your list.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

Stuart Wilson, Cashier, State National Bank of Texarkana, Ark.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

H. M. Jefferson, Cashier, Bank of Coney Island, Coney Island, N. Y.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

MANY VALUABLE SUGGESTIONS.

We will be glad to have the Franklin Society listed among those who are willing to exchange advertising copy and printed matter regarding banking publicity.

We take opportunity herewith to mention that we have had many valuable suggestions out of your bank publicity department.

H. A. TIERIS, 2d Vice-President
The Franklin Society for Home Building and Savings, New York.



A PAGE OF ADVERTISEMENTS

A Few Comments on the Bank Advertisements Reproduced

THAT collection of eleven bank advertisements contains some very good ones. In fact, there is only a single "dead one" in the lot—that of the Tombstone, Ariz., bank. Still some of them could be improved.

FARMERS AND MERCHANTS TRUST COMPANY—Mr. Pecksniff has been robbed! and it may happen again, but let us hope that this awful explosion will be a lesson to Mr. Pecksniff and that hereafter he will keep his funds in the bank.

SECURITY TRUST COMPANY—This is an unusual typographical arrangement. We think perhaps there is some space wasted in it and fear that it is rather hard reading. We like the advertisement just below it and the one to the right of it much better, because they are easily read.

SEABOARD BANK—As just stated, this is good as to type and display. It is quite a consistent piece of copy, too, although there is some redundancy in the second paragraph, and it is too bad to end the advertisement with a proposition, which rhetoricians consider a weak ending.

FIDELITY TRUST COMPANY—Too much matter. The same story could be told

in a good many less words. This ad. is called a "Bulletin," but it is more like an instalment of a serial story. Boil it down!

AMERICAN UNION TRUST COMPANY—Here's another long one, but as it is the announcement of a department bank, we must expect something like a department store advertisement. That is good savings talk in the rule box, but it should

**THERE IS REAL SAFETY
IF YOUR MONEY IS
IN THE
BANK**



THIS MAY HAPPEN AGAIN

The bank is the safest place to keep your money. A bank has to ensure absolute "fireproof" security. A bank is not to be "robbed" unless the robbers would have to break in and take the money out of the vault.

Make OUR Bank YOUR Bank

Our bank, your bank, and your money, all safe and sound.

Farmers and Merchants Trust Co.
The Bank for Savings

You can borrow money on our Coupon Certificates of Deposit whenever necessary. They are prime collateral at any bank and should be considered just as much in need of bank as you could readily use your certificate as security for a loan to take you over.

These certificates bear 4% interest payable quarterly.

SECURITY TRUST COMPANY
FIRST NATIONAL CITY BRANCH

Stolen Heirlooms

Are seldom recovered. Such things cannot be valued in dollars and cents, and yet many people, through carelessness and inattention, have precious possessions in a vacant house from all summer long.

Don't you owe it to your children to see that such things are placed in storage vaults on a safe deposit box right you are away? Depend upon it, you would not have missed the things you prize so highly had it not been for the care which your parents gave them.

Use our safekeeping vaults in trust for your children. It is your duty to see that they are well cared for.

The Fidelity has safe deposit boxes to rent, from \$1 to \$500, as well as storage vaults in which chests of silver, rugs, furs and other valuables may be kept. Attend to it before you leave town.

If your departure involves a trip abroad our Foreign Department will be glad to supply your letter of credit, travelers' checks, and release you at the many income details.

—THE—
Fidelity Trust Company
Safe-Deposit Boxes
Charles and Lexington Sts. BALTIMORE

**Are Your
Savings Protected?**

The American Union Trust Co.

It is the duty of every citizen to protect his savings. The American Union Trust Co. is the only bank in the United States that has been chartered for the purpose of protecting savings. It has the largest and most complete fireproof vaults in the country, and its capital is \$1,000,000. It is the only bank in the United States that has been chartered for the purpose of protecting savings. It has the largest and most complete fireproof vaults in the country, and its capital is \$1,000,000.

**Kansas City's Great
Department Bank**

DEPARTMENTS:

- 1. The Savings Department, which is the largest and most complete in the country.
- 2. The Loan Department, which is the largest and most complete in the country.
- 3. The Real Estate Department, which is the largest and most complete in the country.
- 4. The Insurance Department, which is the largest and most complete in the country.
- 5. The Trust Department, which is the largest and most complete in the country.
- 6. The Investment Department, which is the largest and most complete in the country.
- 7. The Commercial Department, which is the largest and most complete in the country.
- 8. The International Department, which is the largest and most complete in the country.
- 9. The Marine Department, which is the largest and most complete in the country.
- 10. The Railway Department, which is the largest and most complete in the country.
- 11. The Steamship Department, which is the largest and most complete in the country.
- 12. The Airline Department, which is the largest and most complete in the country.
- 13. The Automobile Department, which is the largest and most complete in the country.
- 14. The Motor Vehicle Department, which is the largest and most complete in the country.
- 15. The Motor Vehicle Department, which is the largest and most complete in the country.
- 16. The Motor Vehicle Department, which is the largest and most complete in the country.
- 17. The Motor Vehicle Department, which is the largest and most complete in the country.
- 18. The Motor Vehicle Department, which is the largest and most complete in the country.
- 19. The Motor Vehicle Department, which is the largest and most complete in the country.
- 20. The Motor Vehicle Department, which is the largest and most complete in the country.

OFFICERS:

American Union Trust Co.
100 New York Life Building

Service:

The value of a bank's service to depositors and borrowers depends upon the scope, character and efficiency of the service rendered.

In choosing this as YOUR Bank you have assurance of a service capable of meeting your most exacting requirements. Together with courteous consideration, prompt response, perfect regularity and efficient and able management.

There are all factors in making this bank the right bank for you to affiliate with.

Seaboard Bank
Norfolk, Virginia.

**The Guide
Post to
Thrift**

If you want to begin saving money, no matter how small a sum, you are cordially invited to open an account in this bank with \$1 or more.

The Northern Trust Company—Bank
120 N. LaSalle St.
N. W. Cor. 12th and Madison Sts.

**Annual National Bank
of Boston**

THE NATIONAL BANK OF BOSTON

It is the duty of every citizen to protect his savings. The National Bank of Boston is the only bank in the United States that has been chartered for the purpose of protecting savings. It has the largest and most complete fireproof vaults in the country, and its capital is \$1,000,000.

SPOKANE

WITHOUT loan or inflation, Spokane, named in the last decade from 1880s up to 1910s, has placed in population among the cities of the United States, an increase of 183 per cent and her industrial and financial growth has more than kept pace with the increase in population.

During the same period this bank increased its deposits from \$1,000,000 to \$10,000,000, or 1000 per cent. This is the measure of its place in the progress of the city and the expansion of established commerce in Spokane.

**The Old National
Bank of Spokane**

**FIRST NATIONAL
BANK
TOMBSTONE**

**How do they treat a fellow
with a small account
down at the
First National?**

5,763 open accounts—that is a pretty good indication of good treatment and faith.

First National Bank
CAPITAL \$500,000.00

Under Direct Supervision of the United States Government.
Compulsory Unemployment Insurance in Savings.



**No employment
and no savings account**

Do you know how many who are dependent upon you without a portion of a savings account? Are you a partner in the success of the nation? Are you a partner in the success of the nation? Are you a partner in the success of the nation?

**MERCHANTS and MECHANICS
SAVINGS BANK**

Pa. Ave. & 28th St. Pa. Ave. & 10th St. South & C St.

MOSTLY GOOD ONES.

have been set larger and without the confusing rule effect around it, and it is not necessary to display the name of the institution twice in the advertisement.

NORTHERN TRUST COMPANY BANK—This is a good idea, only it would have been better had the bank-book guide post jutted outside of the border of the advertisement somewhat, the post forming part of the border. Also, as the straight and narrow pathway to thrift does not lie through the Sahara desert or the Russian steppes, why not make the view along the road more attractive?

MUTUAL NATIONAL BANK—The whole atmosphere of this advertisement is high toned and conservative. One of the few known instances where a bank advertises the fact that it is small. Just one ambiguity—what is an "investment type" of man?

FIRST NATIONAL BANK OF TOMBSTONE—A tombstone is our idea of something not to use in a bank advertisement. But if that's the name of your town, what are you going to do about it? If this was

only a trust company, one could say, "*Requiescat in pace*, we'll take care of his estate." However, we can say this for the tombstone, it is bound to attract attention, and that is the first duty of an advertisement.

OLD NATIONAL BANK—This is a splendid illustration of the right way to turn attention from a matter of popular interest in the community to the bank in its relation to that matter. Excellent display and arrangement.

FIRST NATIONAL BANK—A good snappy little ad. that clinches a point in five seconds.

MERCHANTS AND MECHANICS SAVINGS BANK—Very telling illustration and headline, but that family does not look as if it had "Capital and surplus over \$550,000." Oh, that refers to the bank. Well, then, it ought to be down below the signature, along with "Under Direct Supervision of the United States, etc." Then set the body of the text in a little larger type and you would have a savings advertisement hard to beat.

LET'S CHOOSE EXECUTORS*

By Virgil M. Harris, Trust Officer, Mercantile Trust Company of St. Louis

THREE centuries ago, Shakespeare put into the mouth of King Richard II these words, "Let's choose executors and talk of wills," and that defeated and despondent monarch for a moment reflects and then adds:

"And yet not so—for what can we bequeath, Save our deposed bodies to the ground."

And even in this day, notwithstanding the great wealth of this country, where statistics show that more than two hundred million dollars are annually given away to charitable, educational and kindred institutions through the medium of wills alone, yet out of every hundred persons dying in modern times, sixty-five per cent. leave no estates at all, and less than ten per cent. transmit property of a greater value than five thousand dollars.

The general interest of the public in last wills and testaments is amazing. These words which men speak or write for the last time have ever possessed a peculiar value in the minds of the people. When a man comes face to face with death and undertakes the final disposition of his worldly possessions, he lays bare his heart and his conscience as he does on no other occasion; it is from his will that we know his treas-

ures, the grace with which he gives, and by it we can frequently measure his fitness for a life in the world beyond.

For genuine and authentic depositories of human idiosyncrasies and whimsical peculiarities, as well as lofty sentiments and noble thoughts on high themes, there is nothing comparable with the last will and testament. An eminent legal writer on wills says:

The law concerning wills is a subject which has fascinated the greatest minds of the legal profession from the earliest dawn of the science of English jurisprudence to the present day; and it must always continue to exercise a commanding influence over the attention of the moralist, the statesman and the jurist. The delicacy of the matters with which it deals renders it extremely difficult of application, in spite of the simplicity to which the refinements of modern jurisprudence have reduced its rules; for nowhere do the infirmities of human nature appear in all their hideous nakedness, and nowhere do the hallowed and unsuspected virtues of common-place lives shine forth with so clear a lustre as in the musty records of the probate court.

Those faded and yellow documents reveal the secret springs of human motives as they are revealed nowhere else this side of the final judgment seat. To a student of human nature, the open pages of a dead man's will, no matter how long ago he may have penned the words, have an absorbing interest from the volumes that may be read

* An address delivered before the Nebraska Bankers' Association at its annual convention, Sept. 18, 1911, Omaha, Neb.

between the lines. The whole gamut of human passions finds expression in such instruments: pride, ambition, love, hypocrisy, avarice, charity—every motive from saintly benevolence to malignant revenge.

Testamentary dispositions of property have come down to us from the earliest times. We may group among the first the legendary wills of Adam, Noah, Job, and the actual will of the Patriarch Jacob; we find in Mohammedan lore that Adam had the assistance of legions of angels in the preparation of his will, and that the Archangel Gabriel set his seal as a witness; there is respectable authority for the belief that Noah disposed of his estate (the earth) in three parts. In the Vatican at Rome is a curious and unusual document, discovered in 1839 by Cardinal Mai, wherein Job disposed of his earthly possessions. In Genesis we find the statement that Jacob gave unto his son Joseph a portion above his brethren, which he took out of the hand of the Amorite with his sword and his bow. The old Egyptians knew a thing or two; they understood human nature, and at their great feasts it was a custom to bring in a skeleton, that the merry-makers might not confine their thoughts entirely to the dusty affairs of life; and these Egyptians wrote wills, too, thousands of years before they were known in Europe. Such a document was unearthed a few years ago at Kahun; it is dated forty-five hundred years ago, and yet is so curiously modern that it might be granted probate to-day.

Seven hundred years before Christ, Senacherib left a will, and among other ancient documents of this nature may be mentioned the wills of Plato, Aristotle, Petrarch, Augustus Cæsar, the poet Virgil, Christopher Columbus and Martin Luther.

It is true that men of wealth sometimes have exceedingly limited views in all matters but money-making, and this is particularly so in wills. Many forget that distribution at the end of life's journey is quite as important as accumulation, and they dislike the idea of inevitable surrender, and ignore it, or reluctantly face the ordeal. Men are frequently beset by emotions of fear and favor in will-making, and the will-writer finds many attempts on the part of testators to square past delinquencies and satisfy uneasy consciences; for a will is that which lives after one, and wounds inflicted cannot be remedied, or neglect repaired. I have selected extracts from some curious and unusual wills, as well as from those of famous persons—a few of the former I will now mention:

I.

On December 21st last a party of Canadian Royal Northwest Mounted Police left Fort McPherson, on the delta of the McKenzie River, on the Arctic Ocean, for Dawson, in charge of Captain W. J. Fitzgerald, with three trains of five dogs each. They lost their way in a severe snow storm,

and all perished on the banks of the Peel River, after their supplies had given out and they had been driven to the terrible necessity of eating their dogs. The temperature is said to have ranged from fifty to seventy degrees below zero. A relief expedition found the bodies of these men in March last. Captain Fitzgerald realized that his end was near and left a crude will, which was found in one of his pockets, and which had evidently been written with a piece of charred wood. A copy furnished me by the Canadian authorities reads as follows:

All money in despatch bag and bank, clothes, etc., I leave to my dearly beloved mother, Mrs. John Fitzgerald, Halifax. God bless all.

II.

About a month ago there died in Shelby County, Tennessee, one James English, a wealthy farmer. It appears that when Mr. English came to Shelby County some twenty years ago his sole possession was one gray mule, named Jennie. By his will he makes the following provision:

My heir must keep the mule, Jennie, until she dies, not ride her nights, feed her well and provide a good stable. He must not work her in the daytime. I bequeath \$1,000 to pay for this.

III.

About the year 1875, "Scotch" John Wilson, a native of Scotland, living near Tecumseh, Nebraska, it is said, drove his son, John Wilson, from his home. It seems that father and son had disagreed, and the son rode away on a circus train and never saw his parents again.

A few years ago the elder Wilson died and left an estate valued at thirty thousand dollars. By his will he directed that his estate should be turned over to any claimant that appeared and said he was the missing son and who could answer thirty questions. These thirty questions dealt largely with family history, dates and other matters which were peculiarly within the knowledge of the son. The son appeared quite recently, after an absence of thirty-five years, and having satisfactorily answered the questions before the Probate Court, was awarded the estate. After having received it, he said, "I would have preferred to have seen my mother rather than to take this money."

IV.

In 1910, submarine No. 6 of the Royal Japanese Navy was sunk while manœuvring off Kure; Lieutenant Saguma and fourteen men were lost. While the submarine was at the bottom of the sea and this commander and his men were slowly choking to death, the lieutenant wrote his will, which was subsequently recovered and

forwarded to the Emperor. It is a striking instance of the spirit of sacrifice found in the Japanese character.

V.

In November, 1909, three hundred miners were entombed at Cherry, near Spring Valley, Illinois. Only a few escaped. Two of the imprisoned miners wrote wills, which are particularly pathetic instruments. One will, addressed to the testator's wife, is in part as follows:

I think my time has come. You know what my property is. We worked for it together and it is all yours. This is my will, and you must keep it. You have been a good wife. May the Holy Virgin guard you. I hope this reaches you some time, and you can read it. It has been very quiet down here and I wonder what has become of our comrades. Good-by until heaven shall bring us together.

The other will reads:

If I am dead, give my diamond ring to Mamie Robinson. It is coming to the post-office. Henry can have the ring I have in my good clothes.

VI.

Probably the legatee who stood the least chance of realizing was the Devil. An attempt was made to make him a land owner in Finland. A few years ago a queer old native of that country devised all his property to the Devil, without attempting to establish the identity of the devisee. The Devil's claim was disregarded and the property went to the heirs of the testator.

One writer suggests that the testator desired to make a good impression on his Satanic Majesty with a view to conciliating him; another writer suggests that even the name of the Devil in a will is better than none.

VII.

One of the most unique wills ever recorded was filed at Worcester, Massachusetts. The testator, Charles Hastings, left several garden lots and buildings valued at fifty thousand dollars to the Lord Jesus, with the explanation that he is the rightful owner of all lands according to the Bible, the first book of Laws. The testator was a resident of Ashburnham, and a well-known citizen.

It may be safely surmised that the title to this property will vest in the heirs of the testator.

VIII.

Not long ago the judiciary committee of the Privy Council of Great Britain was called upon to pass on the validity of a testamentary devise made four hundred years ago by a resident of India, whereby certain lands were conveyed to the use of an idol.

It appears that one of the descendants of the original testator, after a lapse of four centuries, attempted by a subsequent will to devise the same property, which had been formerly conveyed to the use of the idol. The Privy Council upheld the original gift, and the lands are still reserved for the use of the idol.

IX.

Baron Heinrich Wilhelm Stiegel was born in Germany, near Manheim, Baden, of a noble and wealthy family, in 1730. When he was quite young he ventured into the New World with a fortune of two hundred thousand dollars. He was a man of great note, establishing iron and glass works and other industries, and built an elegant mansion at Manheim, in Lancaster County, Pennsylvania.

Stiegel, by his will, or a kindred instrument, gave the ground on which the old Lutheran Church at Manheim was built in 1770, the annual rental being "one red rose in the month of June forever."

The payment of the rose occurs on the first Sunday in June, and is an annual ceremony of great interest. Visitors come from all over the country to attend the ceremony.

X.

An English gentleman, who had from his earliest years been educated with the most violent prejudices against the Irish, came, when advanced in life, to inherit a considerable property in the County of Tipperary, but under the express condition that he should reside on the land. At his death his executors were extremely surprised, upon opening the will, to find the following disposition:

I give and bequeath the annual sum of ten pounds, to be paid in perpetuity out of my estate, to the following purpose. It is my will and pleasure that this sum shall be spent in the purchase of a certain quantity of the liquor, vulgarly called whiskey, and it shall be publicly given out that a certain number of persons, Irish only, not to exceed twenty, who may choose to assemble in the cemetery in which I shall be interred, on the anniversary of my death, shall have the same distributed to them. Further, it is my desire that each shall receive it by half-a-pint at a time till the whole is consumed, each being likewise provided with a stout oaken stick and a knife, and that they shall drink it all on the spot. Knowing what I know of the Irish character, my conviction is, that with these materials given, they will not fall to destroy each other, and when in the course of time the race comes to be exterminated, this neighborhood at least may, perhaps, be colonized by civilized and respectable Englishmen.

XI.

In the year 1691, there was born in Paris, one Paul Duhalde. This individual, who acquired a large fortune, entered into a

partnership with God, and an agreement was drawn up in regular and technical form. He dealt in precious stones. Duhalde bound himself not to enter into any other partnership.

By his will he directed that that portion of his estate which belonged to God should be given to the poor; his young widow and infant son contested the will; one of the highest courts in France held that the will and codicils of Duhalde should be fulfilled according to the desire of the testator.

XII.

Mr. John B. Luther died recently in San Francisco, leaving an estate valued at one hundred thousand dollars. By his will it seems clear that he desired to "anticipate the past" in so far as widows and children were concerned:

I do hereby declare that I am not married and that I have no children. I have noticed, however, the facility with which sworn testimony can be procured and produced in support of the claims of alleged widows and adopted children, and the frequent recurrence of such claims in recent years. I therefore make express provision in this my last will as follows: I give and bequeath to such person as shall be found, proved, and established to be my surviving wife or widow, whether the marriage be found to have taken place before or after the execution of this will, the sum of \$5, and to each and every person who shall be found, proved, and established to be my child by birth, adoption, acknowledgment, or otherwise, and whether before or after the execution of this will, the sum of \$5, and I declare that I do intentionally omit to make for any of the persons in this paragraph referred to any other or further provision.

XIII.

A remarkable will was that of Mr. Berkeley, an Englishman of fortune, who died May 5, 1805, at Knightsbridge. By his will, he left a pension of twenty-five pounds to four of his dogs. Some one having observed to him that a portion of the sums he spent on them would be better employed in relieving his fellowmen, he replied, "Men have attempted my life, whereas it was to a dog that I owe that I am alive."

Indeed, it appeared that in traveling through France, Mr. Berkeley had been attacked by brigands and had been saved by his dog; the four animals he pensioned were descendants of this dog; when Mr. Berkeley came to die, he desired that two arm chairs be brought to his bedside, and his four dogs seated on them; he received their last caresses, which he returned with the best of his failing strength, and died in their paws.

By an article in his will, he ordered that the busts of his four dogs, descendants of the dog who saved his life, should be carved

in stone and placed at the four corners of his tomb.

XIV.

Mr. Jonathan Jackson of Columbus, Ohio, died some thirty years ago, and by his will ordered his executors to erect a cats' home, the plans for which he had drawn out with great care and thought.

The building was to contain dormitories, a refectory, areas for conversation, grounds for exercises, and gently sloping roofs for climbing, with rat-holes for sport, an "auditorium" within which the inmates were to be assembled daily to listen to an accordion, which was to be played for an hour each day by an attendant, that instrument being the nearest approach to their natural voices.

The testator gives as his reason for thus disposing of his property that "it is man's duty as lord of animals to watch over and protect the lesser and feeble, even as God watches over and protects man."

XV.

In the great Campo Santo (cemetery) in the old-time city of Genoa are many queer monuments, but the strangest of all is the life size figure of an aged woman on a massive base. During her life time she sold sausages, and by her will directed that after her burial a monument should be erected above her remains that would signify her trade. Her executor followed her instructions, and the statue is a faithful likeness of the woman at her chosen occupation.

In her hands, extended before her, are strings of sausages and liver puddings, and her quaint costume is copied from one worn while she was actively engaged in trade. An explanatory inscription is engraved on the monument.

XVI.

An old English farmer, in giving instructions for his will, directed that a legacy of one hundred pounds be given to his widow. Being informed that some distinction was usually made in case the widow married again, he doubled the sum; and when told that this was quite contrary to custom, he said, with heartfelt sympathy for his possible successor, "Aye, but him as gets her'll deserve it."

XVII.

The relatives of a certain testator in Missouri made an attack upon his will, for the reason, among others, that he believed that William Jennings Bryan was not honest, and that William McKinley was unfit to be President, and that he (the testator) would make a better president than either of them.

The Supreme Court of Missouri declined to say that he was insane, and upheld the will. Ordinary mortals are very strict in

measuring craziness; the courts are much more lenient in their judgments, and seem inclined to view that all men are sane, only some are less so.

XVIII.

A certain gentleman charged his wife with putting tongs into his bed to make him uneasy and uncomfortable. Whether the tongs were hot or cold is not stated by the Supreme Court of Connecticut, but that court did sustain the will and said that such acts were more attributable to the heart than to the head.

XIX.

The Supreme Court of Michigan decided that a disposition on the part of an individual to give his services to the United States Government in the management of its financial affairs, did not necessarily show insanity, and added that if it did, few of us would escape.

WILLS OF FAMOUS PERSONS.

I now direct your attention to another class of wills, those of famous persons. In this connection let me say that many distinguished men die without wills. General Grant left no will, and it may be added, left no estate at all. Abraham Lincoln left no will, but he left a large estate for those days; his personal property exceeded in value one hundred thousand dollars.

The will of George Washington was written with his own hand at Mount Vernon; it is an exceedingly voluminous document, and one of historical interest. In one clause he provided that if, unhappily, any dispute should arise over his will, all such matters should be "decided by three impartial and intelligent men, known for their probity and good understanding—two to be chosen by the disputants, each having the choice of one, and the third by those two—which three men thus chosen shall, unfettered by law or legal constructions, declare their sense of the testator's intentions; and such decision is, to all intents and purposes, to be as binding on the parties as if it had been given in the Supreme Court of the United States."

A copy of this will is on file in the city of Washington, where may also be found those of several presidents and many Americans of world-wide fame.

The will of Shakespeare was written in 1616. Near the conclusion of this interesting document is this item: "I give unto my wife my second best bed, with the furniture."

But, even the great Shakespeare could not, by such a provision, preclude his wife from the enjoyment of other property which the law gave her.

Dean Swift, the author of "Gulliver's Travels," gave by will to a friend, the Reverend John Grattan, a silver box in which the freedom of the city of Cork was presented to him, in which he desired "the said John to keep the tobacco he usually cheweth, called Pigtail."

Columbus, the great sailor, by his will disposed of the Book of Hours given him by Pope Alexander VI, and directed that his remains be buried in his native Genoa.

The will of Martin Luther is under a glass case in the Heidelberg Library, and can be inspected by visitors.

The will of Napoleon, with many codicils, written in lonely St. Helena, is an exceedingly lengthy document; it was for a long time at Old Doctors' Commons in London, but was returned to the French Government at the request of Emperor Louis Napoleon.

The will of the gifted actor, Garrick, whose appearance on the stage used to call forth thunders of applause, closes with the mournful comment, "Sic transit gloria mundi"

John Jay, in his will, speaks of God in these words:

His protection has accompanied me through many eventful years, faithfully employed in the service of my country; and His providence has not only conducted me to this tranquil situation, but also given me abundant reason to be contented and thankful. Blessed be His holy name. . . . I would have my funeral decent, but not ostentatious. No scarfs—no rings. Instead thereof, I give two hundred dollars to any one poor deserving widow or orphan of this town, whom my children may select.

The first monument erected in this country to a woman was that to the memory of Margaret Haughery, of New Orleans. This monument stands in Margaret Place, not far from Canal Street in that city. The figure is that of a woman sitting in a rustic chair, dressed in a plain skirt and loose sack, with a simple shawl thrown over her shoulders, her arm encircling a child.

By her will she left half a million dollars to charitable institutions of New Orleans. When quite young she was left a widow and shortly thereafter lost an only child; her life-work began as a laundress in the St. Charles Hotel, and subsequently, she amassed a fortune in the bakery business; she could not write, and her will is signed with a mark.

The monument was obtained by popular subscription. At the time of her death, business was suspended in the city of New Orleans, and her funeral sermon was preached by the Archbishop; a thousand orphans, representing every asylum, occupied seats of honor; her life and her fort-

une were spent in aiding charitable institutions, and she scattered bread to all denominations alike.

Patrick Henry, by his will, provided that if his wife remarried she was to be deprived of every gift, legacy, authority and power given her under his will. The widow in due time did marry and her spouse was Judge Edmund Winston, who was Patrick Henry's cousin.

On the other hand, the celebrated orator and statesman, Gouverneur Morris, of New York, married late in life Anne Randolph, who bequeathed to her a handsome income, and then provided, if she remarried, that the income was to be doubled.

Paul Revere, the famous rider, lies buried in the peaceful little Granary Cemetery in the busy heart of Boston. His will is a beautifully constructed instrument. He seemed to have some feeling against a grandson, for he says, "It is my will that my grandson Frank (who now writes his name Francis) . . . shall have no part of my estate, except one dollar, which is here bequeathed to him."

John Randolph of Roanoke, Daniel Webster, Thomas Jefferson, John Marshall, Henry Clay, and Robert E. Lee, by their wills, respectively, freed slaves. John Randolph remarked, "I give and bequeath all my slaves their freedom, heartily regretting that I have ever been the owner of one." Some three hundred bondsmen were freed under this provision.

Daniel Webster, speaking of his colored servants, said, "They are very well deserving, and whoever comes after me must be kind to them."

John Marshall and Henry Clay desired that their slaves be returned to Africa, and ample provision was made to carry out their wishes.

General Lee said, "Nancy and her children at the White House New Kent I wish liberated."

So it would seem that all of these great characters had very decided views upon the propriety of slavery.

John Ericsson built the Monitor and other engines of destruction, but the rattle of drays, the crowing of cocks, the barking of dogs, and the playing of pianos were too much for his nerves. There is in existence a receipt for five dollars paid to a certain individual by Mr. Ericsson for the removal of a dog and the agreement not to keep one on his premises for the period of a year. He bought up his neighbors' chickens to secure the privilege of wringing their necks, and

bought off the piano-playing young ladies in the neighborhood by valuable gifts.

His fortune at the time of his death amounted to about one hundred thousand dollars, and his claims against the Government were required to make good the bequests under his will, which is a very interesting document.

Upon his death, his remains were conveyed to Sweden on the Baltimore, an American warship, commanded by Captain Schley, flying on her foremast a square white flag with five blue crosses, indicating that she was on King's business, and must not be halted or interfered with on her journey.

P. T. Barnum, the great "showman," left an estate of several millions of dollars which passed under his will; the will is in the form of a booklet of fifty-three pages, and is the most lengthy testamentary document that has ever come under my observation.

The distinction of providing for so many wives and children as did Brigham Young by his will, probably never fell to the lot of any other individual. His families were divided into classes, represented by a wife and children, or a wife without children, or the children of a deceased wife. At the time of his death, his living wives numbered eighteen, not including those who were sealed under the ritual of the Mormon Church. He had forty-eight children, including an adopted child.

The will of Russell Sage I regard as the most accurate and excellently drawn instrument of its kind that I have ever seen, and too, it is very short.

Johns Hopkins and James Lick were not, during their lives, noted either for generosity or public spirit, yet their names will ever be remembered and honored by their countrymen.

Johns Hopkins was a close and almost miserly man, yet by his will he created two great institutions, known the world over, Johns Hopkins University and Johns Hopkins Hospital. To these institutions he bequeathed approximately seven and a half million dollars.

James Lick was said to have been unlovable, eccentric, solitary and avaricious, yet his estate of about five million dollars was left to various charitable institutions and enterprises, chief of which was the erection of the famous Lick Observatory on Mount Hamilton.

Stephen Girard left large sums for the betterment of humanity. The Girard College Endowment Fund, under excellent management, has increased from the original amount of about two million dollars to sixteen million dollars. The famous clause in

his will with reference to clergymen, which has produced so much discussion, is still outwardly respected; by it he forbids in positive terms, that ministers and ecclesiastics should ever hold office in the college, or enter the premises.

John Cecil Rhodes, of Capetown, South Africa, was regarded as a man of pre-eminently selfish motives and purposes, yet he left nearly the whole of his great fortune for scholarships, which act has commanded the admiration of the world.

Alfred Bernard Nobel, the Swedish inventor and philanthropist, by his will, established the Nobel Prize Fund of nine million, two hundred thousand dollars. Under it, five prizes are annually distributed for discoveries in medicine, chemistry and physics, for distinguished literary production and the promotion of peace.

A will should be made when the testator is sound and vigorous, mentally and physically. A sick man or a very aged man, as a rule, is not in a condition to judge fairly of the affairs of human life; he may be unconsciously influenced or misled or even coerced; he may be diverted from the natural channels of affection, right and justice. Frequently, the result is disastrous litigation, the breaking of domestic ties, and the exposure of family skeletons.

Wills are chiefly broken from without, and not from within; that is to say, wills are set aside not so much from faulty construction as from mental incapacity, family differences and preferences, resulting in partiality in distribution. Not one will in five hundred filed is successfully contested. Poorly constructed wills may stand, yet cause inconvenience, doubts, unsafe titles and costly litigation.

Death-bed wills are not to be recommended; such instruments are generally unsatisfactory and rarely reflect the exact intentions of the testators; or, as Lord Coke said several hundred years ago, "Few men, pinched with the messengers of death, have a disposing memory." "Such a will," he adds, "is sometimes in haste and commonly by slender advice and is subject to so many questions in this eagle-eyed world. And it is some blemish or touch to a man well esteemed for his wisdom and discretion all his life, to leave a troubled estate behind him, amongst his wife, children or kindred, after his death."

As I have said, the majority of testators find difficulty in a satisfactory disposition of their estates, and may, and often do, survey conditions "as through a glass darkly." There are griefs which cannot be confided, sorrows which cannot be shared, domestic skeletons which must not be exposed; yet, a testator cannot do better in making his will than to consult some tried and trusted friend who has good judgment and

a level head; a man may work out his religion from within and for himself, but when it comes to his last will and testament, the advice of such a friend cannot be over-estimated.

I wish to call attention to a phase of masculine nature which exhibits itself in will-writing. I refer to the almost invariable disposition on the part of husbands to restrain the remarriage of their widows; instances where wives are so inclined are exceedingly few; and in this connection, it is pleasing to note that the unfair and unjust treatment of women with reference to their property rights, is being supplanted by a more liberal policy by law-making bodies of the United States.

Laymen should never attempt wills; in law, as in other professions, ability and experience are essential to accurate work; when you seek a lawyer to write your will, see that he has these qualifications; a lawyer should not be called upon to write a will hastily or cheaply; if it is so written, the results of haste and cheapness usually follow. Your will is probably the most important document you will ever be called upon to execute; it should be framed carefully and prudently, and with foresight; it affects the work of a life-time, and upon its legality, depends the future happiness and welfare of the persons and objects most dear to the testator: unlike contracts and similar instruments, it cannot be changed after the testator's death; what is written will not be open to explanation, therefore, prudence demands that the testator plan wisely and frame his testamentary provisions, not only in anticipation of contingencies which may arise before his death, but those which may occur thereafter.

In making provision for children in wills, the corpus or principal fund is not infrequently to be conveyed to them upon arriving at legal age; in my opinion, the age of thirty is much preferable. It is not to be expected that any young man or woman, at the end of minority, is possessed of much discretion with reference to the care of property; worldly knowledge, as we all know, is not congenital. Accurately prepared trust provisions in wills, whereby an allowance to children or others is contemplated, are to be recommended. Instead of an absolute gift of the principal, the beneficiary should enjoy the income for a stated number of years, or for life. This insures protection, and in most cases, brings about a most beneficial result.

In the selection of an executor, my judgment is that it is better to have one than two or more, and unless that one is a corporation of high standing with ample capital, I would always require a bond; reputable applicants can readily obtain bonds, and no hardship is imposed. Executors without bond may, and frequently do, grow careless or indifferent.

In conclusion, I wish to say that it is

much to be regretted that in the West, particularly, testators who have acquired fortunes bequeath so little to charity or public uses. Those who are legitimately entitled to inherit rarely complain of the testator's beneficence in this direction. A gift of a fountain to one's native town, a scholarship, a hospital or a park or plot of ground where the aged might rest, children play, and birds

sing, shows a noble nature, and all communities remember such an act with gratitude, and honor the name of such a donor.

"The Moving Finger writes; and, having writ,

Moves on; nor all thy Piety nor Wit
Shall lure it back to cancel half a line,
Nor all they tears wash out a word of it."

HARRIS TRUST AND SAVINGS BANK OF CHICAGO TENDERS BANQUET IN NEW BUILDING

NEW YORK AND BOSTON EMPLOYEES OF HARRIS, FORBES & CO.
AND N. W. HARRIS & CO. RUSHED TO CHICAGO AND
BACK ON SPECIAL TRAIN

APPROXIMATELY three hundred bankers attended a dedication banquet held in the lobby of the new \$3,500,000 Harris Trust and Savings Bank

Building, Chicago, on the night of September 16.

Some of the prominent speakers were James B. Forgan, president of the First National Bank, Chicago; Nathan C. Kingsbury, vice-president of the American Telephone & Telegraph Company; Allan B. Forbes, A. M. Harris and E. B. Sweezy, of Harris, Forbes & Co., New York; Isaac Sprague, president N. W. Harris & Company, Boston; John R. Macomber, vice-president N. W. Harris & Company, Boston; N. W. Harris, founder of N. W. Harris & Company; R. G. Hutchins, vice-president of the National Bank of Commerce, New York, and many others.

N. W. Harris, president of the Harris Trust & Savings Bank, spoke on the development of the West. He called attention to the future of the West in the general development of the country and stated that opportunities are springing up every day for honest investments. But all investments, to succeed, must be open and above board, he stated. Mr. Harris mentioned the fact that one of the many good points in the career of their firm is that they have never been obliged to appear in court at a real trial of a case as defendants. Mr. Harris also remarked that our country is capable of supporting at least as large a population as France, Germany, Belgium and Italy, which have thirteen times our present population per square mile.

The banquet hall was elaborately decorated with American flags and American beauty roses. On the arrival of the specially chartered "Twentieth Century Limited" in Chicago, the entire delegation was escorted in automobiles to the new Blackstone Hotel, where quarters had been reserved.

Leaving New York Friday afternoon, September 15, fifty of the representatives of Harris, Forbes & Co. and other invited guests were carried on a section of the



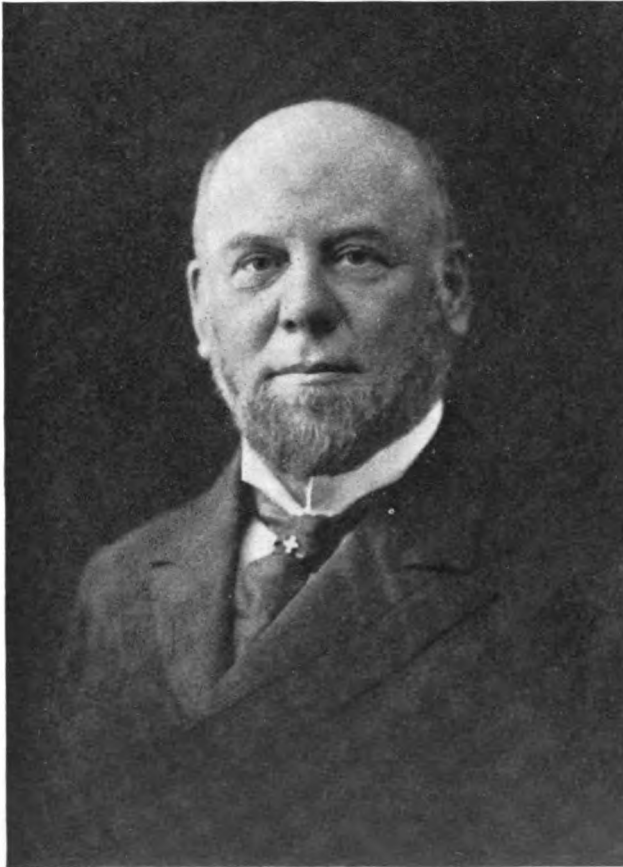
The New Harris Trust Building, Chicago

"Twentieth Century Limited," specially chartered for the occasion. At Albany two additional cars carrying the delegation of N. W. Harris & Co. from Boston were attached, the train then proceeding to Chicago.

Returning, the train left Chicago ahead of the "Twentieth Century" in order that the guests on board might reach Boston and New York early Monday morning. The dis-

tional Bank of Commerce, New York, and John M. Roach, president of the Chicago Railways Co.

Special menus were prepared for this party and all the arrangements were made by W. R. Barnet, assistant general passenger agent of the New York Central Lines, New York, who accompanied the party to Chicago and return as a guest of Harris, Forbes & Company.



N. W. HARRIS

PRESIDENT HARRIS TRUST AND SAVINGS BANK, CHICAGO

tance from Chicago to Buffalo, 540 miles, was made in nine hours and fifteen minutes, a total of 555 minutes, including four stops. The special reached Buffalo fifteen minutes ahead of the "Twentieth Century Limited." One of the special features provided for the bankers' entertainment enroute was a piano in the observation car.

Among the prominent bankers on the train were Nathan C. Kingsbury, vice-president American Telephone & Telegraph Company; R. G. Hutchins, vice-president Na-

The Harris Trust Building, 140 to 146 East Monroe Street, Chicago, is a thoroughly modern twenty-story, fire-proof structure. With the land on which it stands, the building cost approximately \$3,000,000. It is practically in the center of "the loop," and is in the very heart of the Chicago financial district, thus located within half a block of La Salle Street and within a very short walking distance of every important financial institution in the city.

The banking house of N. W. Harris &



OFFICERS, EMPLOYEES AND GUESTS OF HARRIS, FORBES & CO., LEAVING NEW YORK, GRAND CENTRAL STATION, TO ATTEND BANQUET TENDERED BY HARRIS TRUST AND SAVINGS BANK OF CHICAGO IN LOBBY OF NEW BUILDING

Co. was established in Chicago in May, 1882. Beginning in a modest manner nearly thirty years ago the Harris organization has grown until its employees to-day number over three hundred. The Boston office was opened in September, 1886, and the New York office in October, 1890.

In 1907 the Chicago office was incorporated as the Harris Trust and Savings Bank. In January, 1911, the Boston office was in-

corporated as N. W. Harris & Co., Incorporated, and the New York office was changed to Harris, Forbes & Co. The change in the name of the three offices has meant no change in the management, personnel or policy of the Harris organization. Its management is made up of none but those long enough in its service to become thoroughly imbued with its conservative policy and traditions.

BANKERS' SPECIALS TO THE NEW ORLEANS CONVENTION

ANNOUNCEMENT to the banking fraternity:

In the interest of those who will attend the thirty-seventh annual convention of the American Bankers' Association, to be held in New Orleans, La., November 20 to 24, 1911, the committee on transportation of the New York State Bankers' Association have arranged with the New York Central Lines for special trains similar to the famous "Red," "White," "Blue" and "Green" sections of the bankers' specials to Los Angeles and the Pacific Northwest last year, and for a cruise to Panama after the close of the convention.

These special trains, which will be built of steel, and in construction and appoint-

ments are to excel any equipment heretofore offered the traveling public, will make their first trips in service with the bankers.

For the accommodation of our party, the United Fruit Company's new steamships, "Sixaola," "Tivives" and "Carrillo," direct from the shipyards of Belfast, have been specially chartered for the cruise of twelve days from New Orleans to Panama and return. They are of 5,000 tons each and afford ample facilities for a delightful trip.

The trip across the isthmus and the inspection of the Panama Canal will be made in special trains on the Panama R. R.

This tour has the approval of the officers of the American Bankers' Association, and the following-named transportation committee cordially invite the bankers of the

United States and Canada, their families and their friends, to unite with our party in making this delightful tour.

A trip of this sort, bringing together as it does bankers from all sections of the country, affords opportunities for social and business intercourse that could be had in no other way.

Committee on Transportation, New York State Bankers' Association, for the 1911 convention, A. B. A.: Charles Elliot Warren, chairman, Lincoln National Bank, New York City; D. H. Pierson, the Manhattan Company, New York City; E. S. Teeft, First National Bank, Syracuse, N. Y.; Hiram R. Smith, Bank of Rockville Centre,

leans Friday evening, after a brief stop at Vicksburg, where entertainment will be provided by the Clearing-House Association of that city.

The second train will leave New York the morning of Friday, November 17, via New York Central lines, arriving Nashville 1 p. m., Saturday, where entertainment of the party will be provided for by the Nashville Clearing House Association. It is expected that the president of the American Bankers' Association, F. O. Watts (president First National Bank, Nashville) will join this train with his party and continue to New Orleans, arriving there early Sunday morning.



NEW GRAND CENTRAL TERMINAL, NEW YORK CENTRAL LINES, NEW YORK—LARGEST RAIL-ROAD TERMINAL IN THE WORLD

Rockville Centre, N. Y.; H. A. Arnold, First National Bank, Albany, N. Y.

ROUTE AND BRIEF OUTLINE OF TRIP.

The itinerary has been selected with the belief that it comes nearer to meeting the wishes of the members of the association and their friends than any other, as it offers the option of leaving New York in time to arrive in New Orleans either the Friday, Sunday or Monday prior to the opening of the convention.

The arrangement provides luxuries and privileges that can be secured only by special train facilities and by traveling together in a well-organized special party.

The trip covers all expenses, barring pourboires or fees, with every detail carefully arranged, relieving members of the many responsibilities and cares incident to the trip.

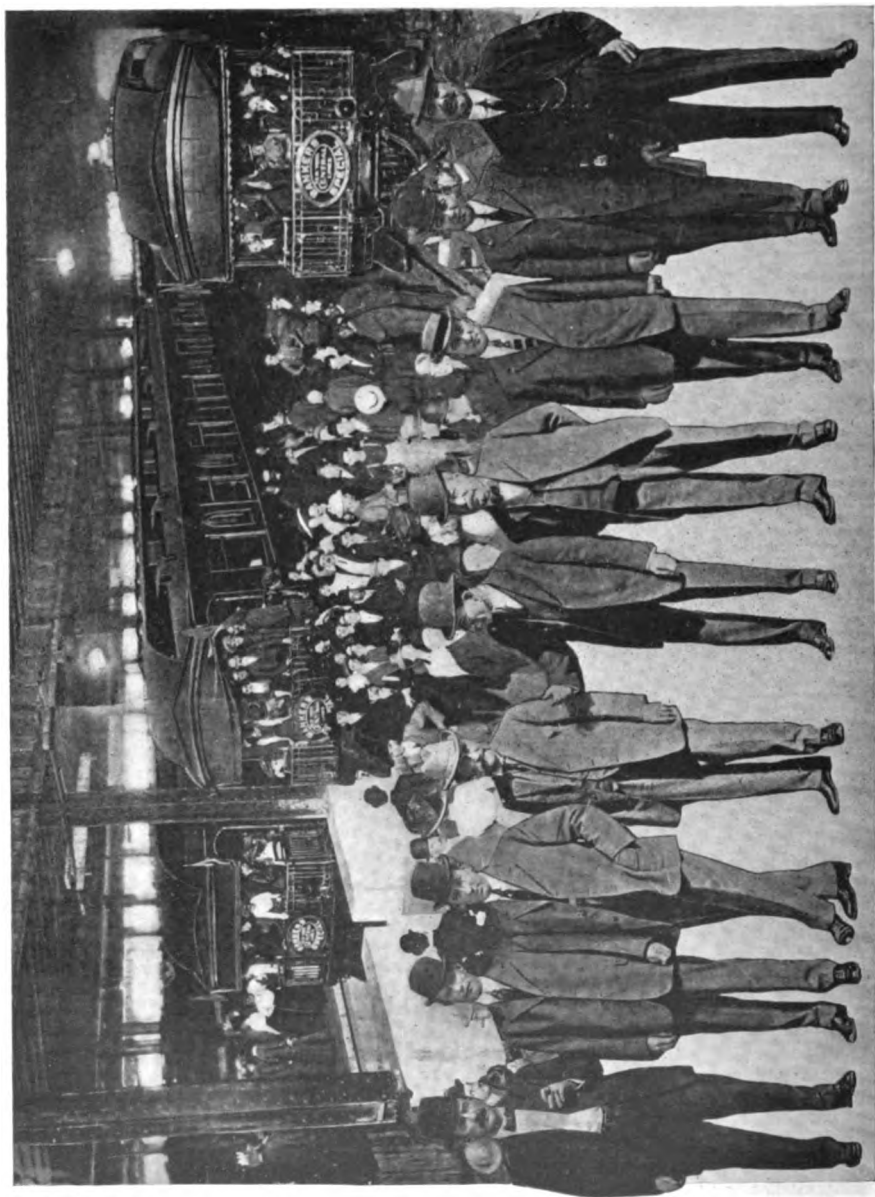
The first train will leave New York the evening of Wednesday, November 15, via New York Central lines, arriving New Or-

leans Friday evening, after a brief stop at Vicksburg, where entertainment will be provided by the Clearing-House Association of that city.

Special trains will return from New Orleans Friday evening, November 24, stopping over at Chattanooga, where the party will drive to Chicamauga Park and Missionary Ridge, arriving New York, Monday, November 27, thus consuming approximately ten days for the round trip.

CRUISE TO PANAMA CANAL.

A delightful cruise to Panama has been ranged to leave New Orleans by the specially chartered steamships "Sixaola," "Tivives" and "Carrillo" of the United Fruit Company. The steamers will leave New Orleans at noon, Saturday, November 25, arriving at Panama, Thursday morning, November 30, where two full days will be spent viewing the wonderful construction



DEPARTURE OF THE FAMOUS BANKERS' SPECIAL TRAINS FROM GRAND CENTRAL TERMINAL, NEW YORK, VIA NEW YORK CENTRAL LINES, TO THE THIRTY-SIXTH ANNUAL CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION, HELD AT LOS ANGELES, CALIFORNIA, OCTOBER 3-7, 1910, AND TOUR OF THE PACIFIC NORTHWEST—TOTAL DISTANCE 8,000 MILES, ARRIVING IN NEW YORK ON RETURN ON SCHEDULE TIME.



EXCELLENT DINING
SERVICE



PARLOR CARS



BUFFET SMOKER

work being performed by the United States Government. Accommodations will be provided for at the Hotel Tivoli during the stay there, and on Saturday, December 2, the party will re-embark on the steamers for the return to New Orleans, arriving there early Tuesday morning, December 7, where special trains will be in readiness to convey the party homeward, arriving in New York early Saturday morning, December 9.

Those who make the Panama trip will receive every attention, as the New York Central lines' representative will continue with the party until the return to New York.

HOTEL ACCOMMODATIONS AT NEW ORLEANS.

Accommodations at New Orleans must be secured by communication direct with William Allen, chairman hotel committee, 337 Carondelet street, New Orleans, La. The transportation committee cannot accept the responsibility of securing reservations at hotels in New Orleans.

NEW STEEL EQUIPMENT.

All of the equipment of the bankers' special trains was built especially for this trip and is of steel construction throughout. The most improved models were used, providing wider aisles, larger rooms, longer and higher berths, spacious vestibules, mahogany interior finish, individual electric reading lamps in each berth and electric fans in each room. This equipment will make its initial trip with the bankers and will excel any heretofore offered the traveling public.

The make up of the trains will be the same as in previous years, viz.: drawing-room and open section sleeping cars; state-room, observation and dining cars. The drawing-rooms accommodate three persons, and staterooms, two persons, each room containing complete toilet conveniences. A combination buffet-smoking-library car, with barber shop and bath, will be known as the gentlemen's club car, and the observation car will be known as the ladies' club car.

SPECIAL FEATURES.

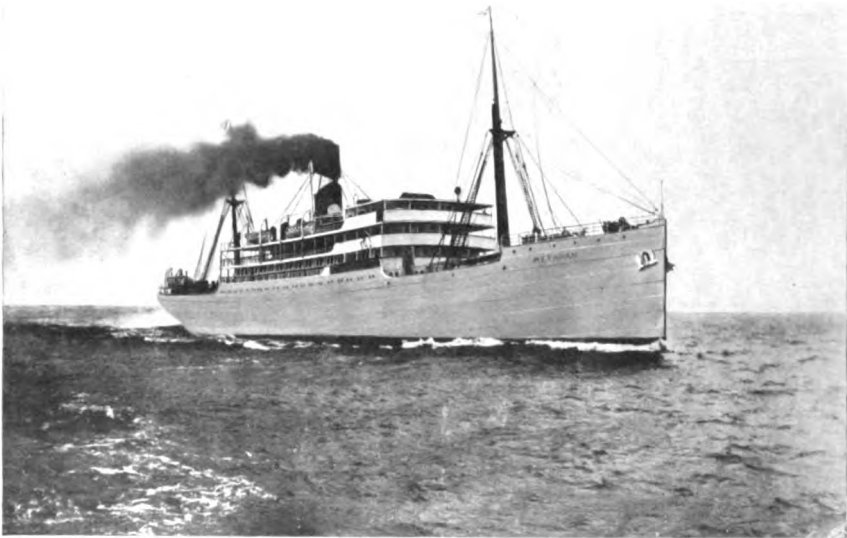
Ladies' maid, barber, valet, stenographer, daily stock market reports, daily newspapers, magazines and illustrated weeklies, financial periodicals, bank directories, libraries in club and observation cars, Victrola concerts every evening in dining car (compliments of Victor Talking Machine Company), player-piano in observation car (compliments of Aeolian Company), afternoon tea for the ladies.

The conductors, stewards, cooks, porters, waiters and train crews will be experienced

gauge should be sent to baggage room, Grand Central terminal, prior to departure of trains, and will be checked through to New Orleans and put upon special train, provided claim checks of local transfer companies are surrendered to the general baggage agent at the terminal, at time of checking.

RESERVATIONS.

Applications for reservations on the specials should be sent to Charles Elliot Warren, chairman transportation committee.



ONE OF THE NEW STEAMERS OF THE UNITED FRUIT COMPANY, CHARTERED FOR BANKERS' TRIP TO PANAMA

men, selected on account of their familiarity with the requirements of special train parties, and under the supervision of a representative of the Passenger Traffic Department of the New York Central Lines, who will accompany each train.

Those desiring to know the location of friends on the special trains or steamers may obtain this information by addressing the chairman of the transportation committee, Charles Elliot Warren, Lincoln National Bank, New York City, or any member of the committee.

BAGGAGE.

Passengers will be entitled to the usual free allowance of baggage, with access thereto at any time while en route. Bag-

gage should be sent to baggage room, Grand Central terminal, prior to departure of trains, and will be checked through to New Orleans and put upon special train, provided claim checks of local transfer companies are surrendered to the general baggage agent at the terminal, at time of checking.

Applications for reservations on the specials should be sent to Charles Elliot Warren, chairman transportation committee.

Lincoln National Bank, New York City, or to any member of the committee, accompanied by the sum of \$35 for each person making the Panama trip and \$10 for each person going only to New Orleans and return. A receipt will be given and the amount applied toward payment of total cost of tickets. This advance payment will be refunded if for valid reasons applicants are obliged to abandon the trip, but notice to that effect must be given prior to November 1, when the final payment is due. Reservations will be made in the order in which applications are received, and each application must be approved by one of the committee before assignment is made.

As the accommodations on the steamers from New Orleans to Panama are necessarily limited, those desiring to make the

side trip should not delay in making known their requirements in order that accommodations may be reserved.

"RED SECTION"

GOING SCHEDULE

Wednesday, November 15th

Lv. New York (Grand Central Terminal)	7.55	p.m.
Ar. Albany	11.05	p.m.
Lv. Boston (South Station)	4.50	p.m.
Lv. Worcester	6.00	p.m.
Lv. Springfield	7.25	p.m.
Lv. Pittsfield	9.24	p.m.
Ar. Albany	10.40	p.m.
Lv. Albany	11.10	p.m.

Thursday, November 16th

Lv. Utica	1.10	a.m.
Ar. Syracuse	2.40	a.m.
Lv. Syracuse	2.45	a.m.
Ar. Cleveland (Via Lake Shore Railway)	8.20	a.m.
Lv. Cleveland (Via Big Four Route)	8.30	a.m.
Lv. Indianapolis	3.15	p.m.
Ar. Mattoon	6.10	p.m.
Lv. Mattoon (Via Illinois Central R. R.)	6.20	p.m.
Lv. Cairo	10.40	p.m.

Friday, November 17th

Ar. Memphis	3.50	a.m.
Lv. Memphis (Via Yazoo & Mississippi Valley R. R.)	4.00	a.m.
Ar. Vicksburg	12.00	Noon
Lv. Vicksburg	12.00	M't

Saturday, November 18th

Ar. New Orleans	7.30	a.m.
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Equipment of Train

One six-room compartment observation parlor car; one ten-room compartment car; one seven-room compartment two drawing-room car; one New York Central dining car; one seven-room compartment two drawing-room car; one twelve section drawing-room car; one gentlemen's buffet library club car; one baggage car.

"WHITE SECTION"

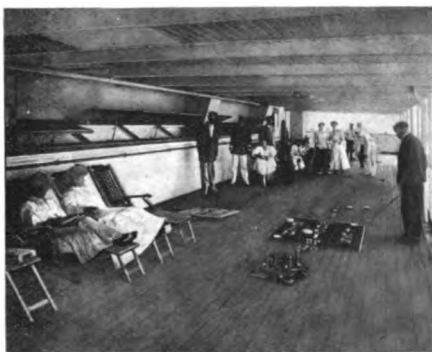
GOING SCHEDULE

Friday, November 17th

Lv. New York (Grand Central Terminal)	9.30	a.m.
Lv. Albany	12.33	Noon
Lv. Utica	2.25	p.m.
Lv. Syracuse	3.43	p.m.
Lv. Rochester	5.12	p.m.
Ar. Buffalo	6.45	p.m.



CABIN DE LUXE—UNITED FRUIT COMPANY STEAMERS



A LEISURE HOUR ON THE PROMENADE DECK OF A UNITED FRUIT COMPANY'S STEAMER

Lv. Buffalo (Via Lake Shore Railway)	5.50	p.m.
Lv. Erie	7.04	p.m.
Ar. Cleveland	9.20	p.m.
Lv. Cleveland (Via Big Four Route)	9.30	p.m.

Saturday, November 18th

Lv. Columbus	12.40	a.m.
Lv. Springfield	1.49	a.m.
Lv. Dayton	2.21	a.m.
Ar. Cincinnati	3.50	a.m.
Lv. Cincinnati (Via Louisville & Nashville)	4.00	a.m.
Lv. Louisville	7.25	a.m.
Ar. Nashville	1.00	p.m.
Lv. Nashville	4.30	p.m.
Lv. Birmingham	10.35	p.m.

Sunday, November 19th

Lv. Montgomery	1.10	a.m.
Lv. Mobile	6.00	a.m.
Lv. Gulfport	7.50	a.m.
Ar. New Orleans	9.30	a.m.

Equipment of Train

One eight-room compartment observation parlor car; one seven-room compartment two drawing-room car; one ten-room compartment car; one New York Central dining car; one seven-room compartment two drawing-room car; one ten-section drawing-room state-room car; one gentlemen's buffet library club car; one baggage car.

"BLUE" AND "GREEN" SECTIONS

GOING SCHEDULE

Saturday, November 18th

Lv. New York (Grand Central Terminal)	4.00	p.m.
Lv. Boston (South Station)	1.30	p.m.
Lv. Worcester	2.32	p.m.
Lv. Springfield	3.50	p.m.
Lv. Pittsfield	5.23	p.m.
Ar. Albany	6.40	p.m.
Lv. Albany	7.00	p.m.
Lv. Utica	8.41	p.m.
Lv. Syracuse	9.46	p.m.
Lv. Rochester	11.11	p.m.

Sunday, November 19th

Ar. Cleveland (Via Lake Shore Railway)	2.35	a.m.
Lv. Cleveland (Via Big Four Route)	2.45	a.m.
Lv. Indianapolis	9.20	a.m.
Lv. Terre Haute	10.40	a.m.
Ar. Mattoon	12.00	Noon
Lv. Mattoon (Via Illinois Central Railroad)	12.10	Noon
Lv. Cairo	4.20	p.m.
Ar. Memphis	9.30	p.m.
Lv. Memphis (Via Yazoo & Mississippi Valley R. R.)	9.40	p.m.



CATHEDRAL PLAZA, PANAMA

Monday, November 20th

Ar. New Orleans (Via Yazoo & Mississippi Valley R. R.).... 8.00 a.m.

Equipment of Each Train

One eight-room compartment observation parlor car; one ten-room compartment car; one seven-room compartment two drawing-room car; one New York Central dining car; one ten-room compartment car; one ten-section drawing-room state-room car; one gentlemen's buffet library club car; one baggage car.

"RED SECTION"**RETURN SCHEDULE****Friday, November 24th**

Lv. New Orleans (Via Queen & Crescent Route)12.00 M'n't

Saturday, November 25th

Ar. Chattanooga 2.00 p.m.

Sunset Drive to Missionary Ridge and visit Chickamauga Battlefields. Dinner at Hotel Patton.

Lv. Chattanooga 9.55 p.m.

Sunday, November 26th

Ar. Cincinnati 8.20 a.m.

Lv. Cincinnati (Via Big Four Route) 8.35 a.m.

Ar. Springfield10.50 a.m.

Ar. Columbus11.55 a.m.

Ar. Cleveland 3.20 p.m.

Lv. Cleveland (Via Lake Shore Railway) 3.30 p.m.

Ar. Buffalo 7.30 p.m.

Lv. Buffalo (Via New York Central) 8.40 p.m.

Ar. Rochester10.15 p.m.

Monday, November 27th

Ar. Syracuse12.10 a.m.

Ar. New York (Grand Central Terminal) 7.50 a.m.

Ar. Springfield 7.58 a.m.

Ar. Worcester 9.30 a.m.

Ar. Boston (South Station).....10.40 a.m.

"WHITE SECTION"**RETURN SCHEDULE**

On Arrival of Special Steamships from Panama

Thursday, December 7th

Lv. New Orleans (Via Louisville & Nashville R. R.)10.00 a.m.

Ar. Birmingham10.00 p.m.

Friday, December 8th

Ar. Nashville 4.25 a.m.

Ar. Cincinnati 1.00 p.m.

Lv. Cincinnati (Via Big Four Route) 1.10 p.m.

Ar. Cleveland 7.25 p.m.

Lv. Cleveland (Via Lake Shore Railway) 7.35 p.m.

Saturday, December 9th

Ar. Albany (Via New York Central) 5.27 a.m.

Ar. New York (Grand Central Terminal) 9.30 a.m.

Ar. Boston (South Station)..... 2.35 p.m.

"BLUE" AND "GREEN" SECTIONS**RETURN SCHEDULE**

On Arrival of Special Steamships from Panama

Thursday, December 7th

Lv. New Orleans (Via Illinois Central R. R.)10.00 a.m.

Lv. Memphis11.00 p.m.

Friday, December 8th

Ar. Cairo, Jr. 3.30 a.m.

Ar. Mattoon 8.00 a.m.

Lv. Mattoon (Via Big Four Route) 8.10 a.m.

Ar. Indianapolis10.40 a.m.

Lv. Indianapolis10.50 a.m.

Ar. Cleveland 6.05 p.m.

Lv. Cleveland (Via Lake Shore Railway) 6.15 p.m.

Saturday, December 9th

Ar. Albany (Via New York Central) 5.27 a.m.

Ar. New York (Grand Central Terminal) 9.30 a.m.

Ar. Boston (South Station)..... 2.35 p.m.

EFFICIENCY AND BANKING

IN the last few years, and more especially in the last year, the attention of the public has been called to the subject of "Efficiency," by many articles in all sorts of magazines and periodicals. The press of the country, and even late fiction, is replete with stories of "Scientific Management." Advertising slogans abound, such as "A better day's work," "The one best way," "Efficiency is economy," etc. It is as if the country were on the eve of an industrial renaissance with scientific management as the great inspiration.

To define scientific management is easy. It means finding the best way to do something and then always doing it that way. The application of scientific management is a vastly different matter, and is a task worthy the effort of the best minds and the utmost perseverance.

The present prominence of the subject has led many persons to suppose that it is a new thing. This, however, is far from being the case. "Scientific management has been an actual reality" for over twenty years in its application to shop-work and to many branches of labor, but it has only very recently gained public attention.

Shop-work and factory labor present ideal opportunities for the application of scientific principles because they consist almost entirely of what are technically known as "repeat-operations," that is, operations that are performed over and over again, and any gain in the efficiency of a repeat-operation is multiplied each time the operation is performed.

The first application of scientific management to shop labor should be credited to Frederick W. Taylor, an engineer of international fame, who has devoted his life to this work and who has contributed notably to the literature of the subject.

The application of scientific methods to the affairs of the business world has been made by many, some of whom are independent investigators, and others are avowed followers of the general methods set forth by Taylor.

Some months ago an article appeared in these pages relative to the use of machinery by banks and the immense gain in efficiency through mechanical aids. It is not alone in this way that the bankers are striving to make one dollar do the work of two.

Our readers will remember that as recently as two years ago each harvest brought with it a period of several months during which a marked scarcity of currency with which to move the crops, was experienced. Conditions in this regard are much improved to-day, and while many causes have contributed to this improvement, one, which is excellent "Scientific Management," may be very properly cited.

The large elevator companies and com-

mission houses in the crop centres maintain agencies and country elevators throughout the agricultural districts for the purchase of grain from the farmers. During each fall tremendous shipments of currency are made to the country for this purpose. Formerly the great bulk of this money was sent directly to the country agent who paid the farmers in cash. Of course some of this money found its way into the hands of the country bankers and was ultimately shipped back by them to the city banks to begin another journey to the country. Much of it, however, was hoarded by the farmer until such time as necessity compelled him to spend it, and of course all such money was withdrawn from circulation when most needed.

Gradually, but surely, this process has been changed so that to-day a very large per cent. of funds to purchase the crop goes directly to the country banks. The farmer instead of receiving cash in these cases gets a wheat ticket or an order on the local banker. The money is then already in the country bank and most of it stays there in the form of a credit to the farmer, and the annual currency shortage is thus relieved by the exact measure of money that escapes private hoarding.

The recent action of the American Bankers' Association in providing transit numbers for all banks is distinctly an efficiency measure, and there can be no doubt that its ultimate operation will result in a greatly increased volume of work for the same effort from bank clerks all over the country.

The State Bankers' Associations have sought, and found, methods of increased efficiency in handling their problems, by their system of group organization and meetings.

The work of national bank examiners is becoming more valuable with less effort by co-operation with clearing-house examiners in the large cities.

The adoption of the statement system in banks to replace the cumbrous task of monthly balancing of pass books is another efficient step of recent origin, and the growing development of active credit departments in the larger banks has made the lending of money more nearly a scientific operation than formerly, and less an exercise of hopeful guess-work.

No finer words of appreciation for those who devise efficient methods can be found than these of Swift, "And he gave it for his opinion that whosoever could make two ears of corn or two blades of grass to grow upon a spot of ground where only one grew before, would deserve better of mankind, and do more essential service to his country than the whole race of politicians put together."—Northwestern National Bank (Minneapolis) Review.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

LOS ANGELES TRUST AND SAVINGS BANK

THIS progressive Pacific coast institution was organized in the year 1902 and opened for business early in 1903, under the corporate title of the Los Angeles Trust Company. The banking offices were originally located in the Wilcox building,

and the institution must seek larger and more commodious quarters, and so the modern building shown herewith was proposed and all necessary arrangements made for its erection. This eleven-story structure, known as the Trust and Savings build-



J. C. DRAKE

PRESIDENT LOS ANGELES TRUST AND SAVINGS BANK

but were later removed to the building at the corner of Second and Spring streets, and a short time after, when the banking department was opened, the trust company was moved to the basement of this building.

In the fall of 1909 the Los Angeles Trust Company became the Los Angeles Trust and Savings Bank, moving to the Central building at Sixth and Main streets, on the first of December, 1909.

A vast increase of business made it evi-

ding, stands at the corner of Sixth and Main streets, where the Metropolitan Trust Company had been located. On the seventh of December, 1909, the Los Angeles Trust and Savings Bank absorbed this institution, increasing its own capital thereby to \$1,250,000, which has since been increased to \$1,500,000, with an additional \$1,000,000 of surplus and undivided profits.

At the close of business, August 12, 1911, the Los Angeles Trust and Savings Bank



TRUST AND SAVINGS BUILDING OWNED BY LOS ANGELES TRUST AND SAVINGS BANK



MAIN BANKING ROOM

reported its resources and liabilities as follows:

RESOURCES.

Loans and discounts	\$7,225,492.09
Bonds and stocks	2,112,876.95
Bank building, furn. and fixtures	1,019,015.60
Cash and sight exchange	2,285,032.29

\$12,642,416.93

LIABILITIES.

Capital	\$1,500,000.00
Surplus and undivided profits..	998,481.94
Bond account	150,000.00
Deposits:	

 Demand

 Time

\$12,642,416.93

The officers are: J. C. Drake, president; Motley H. Flint, vice-president; William Rhodes Hervey, vice-president; Jay Spence, cashier; Ralph Day, assistant cashier, and J. M. Rugg, assistant cashier.

J. C. Drake, the president, is a graduate of the Annapolis Naval Academy, has served in the navy on the European and Asiatic Stations, and done important service in the United States Coast Survey off the coast of North Carolina. Mr. Drake has also served in the U. S. Naval Intelligence Office with great credit, leaving there to superintend the ordnance outfitting of the U. S. S. Oregon before her famous cruise. He resigned from the navy in 1895, and then permanently located in Los

Angeles, where he became director, vice-president and auditor of the Los Angeles City Water Company, also a director of the First National Bank. When the Los Angeles Trust Company was organized Mr. Drake became its first president, which position he still holds under the new corporate title of Los Angeles Trust & Savings Bank that became effective at the merging of the Metropolitan Bank & Trust Company with the Los Angeles Trust Company on December 1, 1909. He has been one of the most active members of the Trust Companies Section of the Americans Bankers' Association and is a member of the executive committee.

Motley H. Flint, vice-president, was born in Boston, but came to California when a very small boy, obtaining his education in San Francisco, his home for many years. In the year 1886 he moved to Los Angeles and has since resided there. For a time Mr. Flint acted in the capacity of book-keeper and cashier in the Los Angeles post office, then assistant postmaster, then special agent for the Post Office Department, establishing the United States Postal Service in the Hawaiian Islands at the time the Islands were annexed to the United States. In January, 1902, was appointed Postmaster of Los Angeles, and served in such capacity until he resigned in 1909. Mr. Flint was president of the Metropolitan Bank and Trust Co. until it was merged with the Los Angeles Trust Company un-

der the new corporate name of Los Angeles Trust & Savings Bank, when he became active first vice-president, which office he now holds.

Wm. Rhodes Hervey, vice-president, better known as Judge Hervey, was born at Somerville, Tenn., March 26, 1870, and was reared at Morrilton, Ark., where he lived until twenty years of age. He graduated from the Central Collegiate Institute and from the University of Arkansas in 1890, was a special student at Harvard in

when he was appointed Judge of the Superior Court of California. In 1907 he became a member of the Executive Committee of the Los Angeles Clearing-House Association and remained a member thereof until his accession to the bench. He was elected president of the American Savings Bank in January, 1908, and served in such capacity until January 1, 1911. Upon the expiration of his term as Judge of the Superior Court he was elected vice-president and manager of the trust department



PRESIDENT'S OFFICE.

1891 and received the degree of Bachelor of Laws from the University of Michigan in 1894. His family had removed from Arkansas to California in 1888, and after completing his academic and law studies, he returned to California and began the practice of law in Los Angeles in 1894, where he has ever since resided. He is a member of the bar of all federal and state courts and of the United States Supreme Court; was secretary of the Los Angeles Bar Association for three years and trustee of the association for three years. After a few years' general practice he specialized in corporation and banking law, representing many of the largest corporations and banks in the Southwest. In 1907 he was elected vice-president of the American National Bank, which he managed until 1909,

of the Los Angeles Trust & Savings Bank and assumed the active duties of that position February 15, 1911.

Jay Spence, cashier, commenced his business career October, 1882, as messenger in the German American Savings Bank, Fon du Lac, Wisconsin; resigned October, 1886, to accept a more lucrative position with the Wisconsin Land & Lumber Co., Hermansville, Mich. He resigned from the latter position February 1, 1888, to accept a position with the First National Bank of Pomona, Cal., of which Stoddard Jess, now vice-president of the First National Bank of Los Angeles, was then cashier. He continued in the employ of the First National Bank of Pomona until August, 1899, serving in the capacities of bookkeeper, teller and assistant cashier,

when he accepted the cashiership of the Bank of Oxnard, organizing at Oxnard, California. In 1902 he was elected president of this institution. While at Oxnard Mr. Spence organized the Oxnard Savings Bank, and continued as president until leaving for Los Angeles in the spring of 1905, when he accepted the cashiership of the Metropolitan Bank & Trust Company, then being organized by Senator Frank P. Flint. On December 1, 1909, the Metropolitan Bank & Trust Company was ab-



MOTLEY H. FLINT
VICE-PRESIDENT

sorbed by the Los Angeles Trust & Savings Bank and he was elected secretary of the latter institution and, on the resignation of Gen. Robert Wankowski, January 1, 1910, was made cashier and secretary.

Ralph Day, assistant cashier, when fourteen years of age, moved with his parents from Chicago to Los Angeles, and there completed his preliminary education, entering the employ of the Southern California National Bank at the corner of First and Spring streets, in 1893. This institution is now located at Third and Spring streets and is known as the Merchants National Bank of Los Angeles. He was with this bank in several different capacities, until the establishment of the banking department of the Los Angeles Trust Company, at the corner of Second

and Spring streets, at which time he resigned his position, and with Robert Wankowski, entered the employ of the Los Angeles Trust Company, opening their banking department. This was in 1903, and he has since that time been constantly in the employ of that bank, now the Los Angeles Trust and Savings Bank.

J. M. Rugg, assistant cashier, started in the banking business as a boy in Nebraska. He came to California in 1896 and became associated with the First National Bank of Pasadena, in which institution he remained for five years, when he went to the Bank of California, at San Francisco, resigning his position in that institution to become manager of the new accounts department of the Security Savings Bank of Los Angeles. He remained with this institution for five years, or until he was elected assistant cashier of the Los Angeles Trust & Savings Bank.

Mr. Rugg has specialized in the development of new business, and has made a splendid reputation for himself in this special branch of the banking business.

TRUST AND SAVINGS BUILDING.

The Trust and Savings building, erected to provide a suitable home for the Los Angeles Trust and Savings Bank, stands eleven stories above the street and has a basement and sub-basement. The entire first floor is given over to the banking and trust departments, the basement is utilized by the safe deposit department, and the upper ten floors are devoted to office rooms, all of which are occupied.

Architecturally the exterior of the building is ornate. The style is that of the French Renaissance. With the first two stories treated in the Corinthian order and the entire exterior trimmed in terra cotta and finished with mapp glaze white, this modern bank and office building makes a very prepossessing appearance.

The interior is finished with mahogany throughout. All corridors and stairways are wainscoted in marble and the main entrance lobby to the building has a finish of white Italian marble. The building is equipped with three elevators of the Otis traction type, a U. S. mail chute, a vacuum cleaning system, telephone service, compressed air, hot and cold water, and in every detail is an up-to-date office building of class A construction.

BANKING ROOM AND SAFE DEPOSIT DEPARTMENT.

The banking room and safe deposit department of the Los Angeles Trust and Savings Bank embody the latest ideas in banking room designs and safe deposit equipment. The whole is of the most durable character and of the finest of materials.

The banking room and trust departments occupy the entire ground floor, a space



WILLIAM RHODES HERVEY
VICE-PRESIDENT



JAY SPENCE
CASHIER



RALPH DAY
ASSISTANT CASHIER



J. M. RUGG
ASSISTANT CASHIER



ENTRANCE TO SAFE DEPOSIT DEPARTMENT

142x60 feet. A central corridor extends through the room, with an entrance from the building lobby at one end and from the street vestibule at the Spring street end; the trust department occupies one side of the corridor and the banking room the other. The columns are spaced thirty-two feet to the centre, leaving a wide central space. Counters and counter screens are of escalette marble, the wickets and frame around them being of light bronze; the floor base of Belgium black marble.

In the centre of the lobby are four cir-

cular check desks five feet in diameter, of Belgium black marble, supported on solid bronze standards. Between these are seats constructed of bronze and upholstered in Spanish leather.

The walls of the banking room, from the floor to ceiling, about twenty-five feet, are covered with honed finish, gray Tennessee marble. The columns are similarly decorated from floor to ceiling. The ceiling is paneled in plaster, ornamented with stucco, and finished in gray and gold, toned down so as to match the walls, the entire effect being harmonious, spacious and substantial.

The room is thoroughly lighted with windows from the street side extending from four feet above the floor to the cornice line between Corinthian pilasters, and on the other side by a series of ceiling lights finished in colors matching the walls and ceilings, providing a uniformly good light.

In the banking department there is a corridor ten feet wide that contains the desks of the working space back of the enclosed booths, all in proper relation to each other for the convenient and efficient handling of business. The trust department has open booths with counters, so that the various officials seated at their desks can do business over the counters; each department is provided with a private room back of the booth for private business. At the entrance to the room is an information bureau and a general consulting room.

The cashier's and president's booths are in the centre of the counter line at each



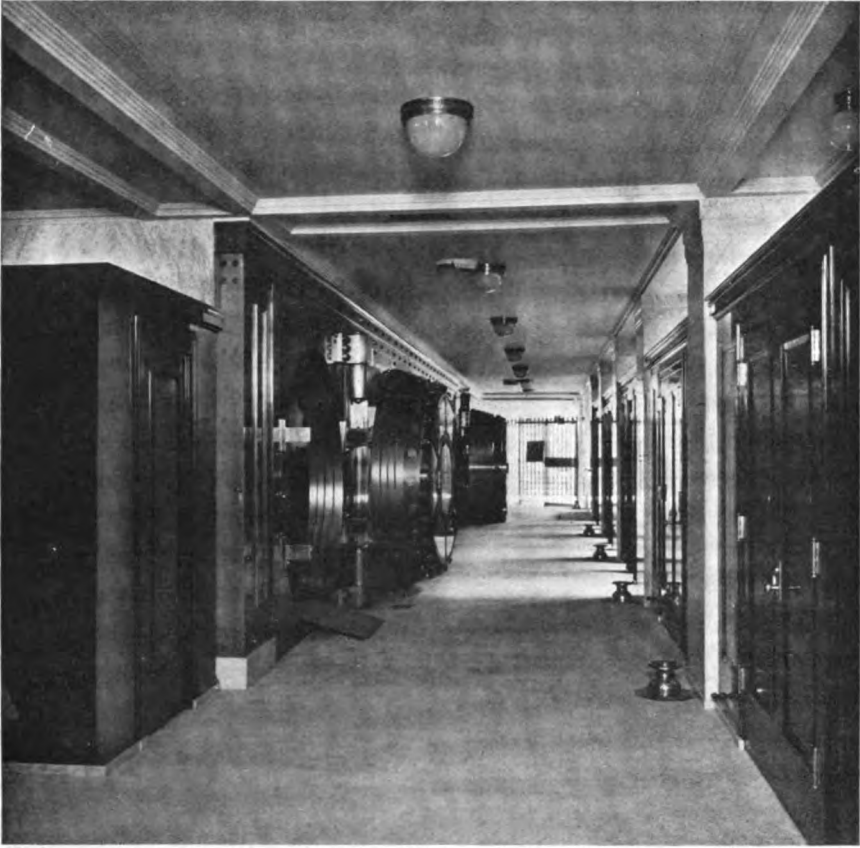
DOOR TO ARMOR PLATE SAFE DEPOSIT VAULT

side, projecting about two feet into the main corridor, making them conspicuous and accessible, and also giving a good view over all departments.

The banking room is equipped with the Lamson pneumatic tube service and push button telephone service. Its wood work

Over the vestibule and extending across the east end of the banking room is the directors' room and visitors' gallery, all finished in marble and appropriately decorated.

The basement is occupied by the safe deposit department vault and storage vaults.



SAFE DEPOSIT VAULTS AND COUPON ROOMS

throughout is of selected Circassian walnut, with the floors in the lobby and public space of gray Tennessee marble and in the booths of pressed cork—all forming a harmonious combination of color.

Entrance to the bank from the street is to be had through a wide arcade, passing between four Corinthian columns, which extend to the third floor line. The arcade is faced with gray Tennessee marble; between the arcade and the banking room is a vestibule twelve feet square, with a stairway eight feet wide extending down to the safe deposit department. Opposite the stairway is the ladies' waiting room, very conveniently fitted up for the purpose. The entire ceiling of this vestibule and ladies' waiting room is paneled in gray Tennessee marble.

The safe deposit vault is of four-inch Bethlehem steel; and the vaults are provided with circular doors, that of the safe deposit vault being the heaviest on the Pacific coast. The department is fitted up with booths, consultation rooms, directors' rooms, and in a complete manner for the convenience of the depositors. It is well lighted, and, like the banking room, well ventilated with a forced draught and exhaust system.

The entire work has been carried out from the drawings and under the supervision of Parkinson & Bergstrom, architects, of Los Angeles.

SAFE DEPOSIT VAULT.

A great armor plate vault, eight and one-half feet high, by thirty-seven feet wide and

thirty-one feet deep, reposes in the basement. It is lined with fourteen plates of Harveyized nickel steel, the two side plates being in single plates forged to size, three and one-half inches thick, and weighing 52,700 pounds each. The top and bottom are of three plates each; front and back, three plates each. The two side plates are the largest plates ever made in the world, three and one-half inches thick.

The front and emergency doors are each made of solid armor steel plates, nineteen inches thick, the main door being the largest, thickest and heaviest door ever made in the world, the front being 100 inches in diameter, with seven feet six inches clear entrance into the vault, with an approximate weight of 60,000 pounds for the door and 100,000 pounds for the door and frame.

This door is secured by twenty-four four and one-half inch diameter bolts weighing 100 pounds each, with all other details proportionately heavy and large. The vault rests upon a heavy concrete foundation, extending nearly five feet below the floor level. This foundation is reinforced by railroad iron rails laid at right angles to each other and sixteen-inch I beams under the vestibules to carry the immense weight.

The surrounding walls are twenty-one inches thick, the masonry being of solid concrete, reinforced with steel rods laid at right angles to each other. The roof is also pro-

tected by heavy concrete walls and I beams, to resist the falling of the building walls from earthquake shocks, should they ever occur. The front and emergency doors are protected with heavy grills and day gates of solid bronze, and each door secured by two bronze combination bank locks and quadruple time locks.

A level entrance is also provided for the vault by the use of Remington's patent lowering platform, which lowers and raises the floor corridor in front of the vault entrance by use of a lever.

The storage vault has similar foundations and walls as the safe deposit vault. The door being twelve inches thick, with general bolt work, locks, etc., as described for the safe deposit vault, with closets and shelves for the safe keeping of trunks and all sorts of valuables.

The rear corridor is supplied with a steel lined cash vault, book vault and small storage vault, with a steel lined bond vault on the first floor, with locks, etc., all complete.

All this vault work was designed by George L. Remington, vault engineer, Los Angeles. The safe deposit vault was built by the Bethlehem Steel Company, South Bethlehem, Pa., and the storage, cash book and bond vaults, together with the safe deposit boxes and outside drills, were built by the Mosler Safe Company, Hamilton, Ohio.

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - \$200,000
Surplus and Profits, 961,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed.

Correspondence Solicited

National Nassau Bank of New York Expanding.

Between the call of June 7 and the last report, at the close of business, September 1, 1911, the National Nassau Bank of New York increased its deposits \$975,179.76. With the exception of one other bank in New York City, this is the largest increase between calls of any of the New York banks. The National Nassau's September report shows loans and discounts of \$9,353,737 and its surplus and undivided profits exceeds the capital of \$500,000 by more than \$90,000.

New Head National Bank of Commerce, New York.

James S. Alexander, who has been looked upon as the logical successor to Valentine P. Snyder as president of the National Bank of Commerce, New York, was elected to the presidency of the institution September 6. Since Mr. Snyder's resignation on April 1, Mr. Alexander had been acting head of the bank. Mr. Alexander, who is now forty-six years of age, entered the

THE UNION TRUST COMPANY OF PITTSBURGH

IS the strongest institution of its kind in the United States. Its surplus exceeds its capital 18 times. These wonderful results are due to the able management of its officers and directors, and the widespread confidence it has gained throughout the entire country.

OFFICERS

HENRY C. McELDOWNEY, <i>President.</i>	SCOTT HAYES, <i>Treasurer</i>
ANDREW W. MELLON, <i>Vice President.</i>	JOHN A. IRWIN, <i>Secretary</i>
JAMES M. SCHOONMAKER, <i>Vice Pres.</i>	WILLIAM I. BERRYMAN, <i>Trust Officer</i>

DIRECTORS

Edmund C. Converse	James H. Lockhart	H. C. McEldowney
John B. Finley	J. Marshall Lockhart	David E. Park
Henry C. Fownes	Thomas Lynch	Henry Phipps
William N. Frew	Andrew W. Mellon	Henry R. Rea
Henry C. Frick	Richard B. Mellon	William B. Schiller
Benjamin F. Jones, Jr.	Thomas Morrison	J. M. Schoonmaker
Philander C. Knox		George E. Shaw

Capital and Surplus **Twenty Nine Million Dollars**

Franklin National Bank

Capital
\$1,000,000

Surplus and
Undivided Profits
\$2,837,000



President
J. R. McALLISTER
Vice-President
J. A. HARRIS, Jr.
Cashier.
E. P. PASSMORE
Assistant Cashier
L. H. SHRIGLEY.
Assistant Cashier
J. WILLIAM HARDT
Foreign Ex. Dept.
WILLIAM WRIGHT
Manager

Invites the Accounts of Banks, Bankers, Corporations, Mercantile Firms and Individuals

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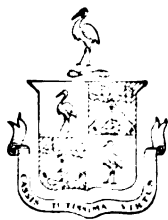
DIRECTORS

J. HAMPTON BARNES
SAMUEL T. BODINE
THOMAS DE WITT CUYLER
GEORGE H. FRAZIER
WILLIAM F. HARRITY
EDWARD B. SMITH

HENRY TATNALI
CHARLTON YARNALL
PERCY C. MADEIRA
ELLIS F. PASSMORE
J. A. HARRIS, Jr.
J. RUTHERFORD McALLISTER

FREDERICK L. BAILY
EFFINGHAM B. MORRIS
EDWARD T. STOTESBURY
JOHN B. THAYER
MORRIS L. CLOTHIER
C. S. W. PACKARD

1869



1911

Mellon National Bank

PITTSBURGH

Direct, personal service is given each customer of this bank. The service is so flexible that it can be suited to the needs of the smallest country bank or the greatest metropolitan financial institution.

WE INVITE YOUR ACCOUNT

Capital and Surplus \$7,300,000

Organized as a patriotic duty

Continued in the interests of its depositors, stockholders
and the community

Conducted in accord with high standards of stewardship

THE

First National Bank

OF PHILADELPHIA

J. TATNALL LEA,
President.

WM. A. LAW,
1st Vice-President.

KENTON WARNE,
2d Vice-President.



THOMAS W. ANDREW,
Cashier

CHARLES H. JAMES,
Asst. Cashier

FREAS B. SNYDER,
Asst. Cashier

HARRY J. HAAS,
Asst. Cashier

Capital & Surplus, \$3,000,000

SOUND BANKING



GOOD SERVICE

OUR PAST RECORD

For thirty-eight years the Bank of Buffalo has stood for sound and conservative methods in banking.

If you are thinking of changing your bank account or of opening a new account and are anxious to do business with a financial institution that is endeavoring to be careful with every cent entrusted to it by its customers, we will be glad to have you write us for terms.

WE INVITE YOUR ACCOUNT

BANK OF BUFFALO

BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, President
LAURENCE D. RUMSEY, Vice-Pres't

JOHN L. DANIELS, Cashier
RALPH CROY, Asst. Cashier

bank's employ when twenty years old. He had been a vice-president since 1908; he is succeeded in that office by R. G. Hutchins, Jr., who has been vice-president of the Chicago Railways Company. At the meeting, September 6, Paul M. Warburg, of Kuhn, Loeb & Co., was elected a director and a member of the bank's finance committee, succeeding Jacob H. Schiff, resigned.

Old Colony Trust Company of Boston, Increases Capital.

The proposal to increase the capital of the Old Colony Trust Company of Boston was ratified by the stockholders on August 25. Under the vote of the shareholders, the authorized capital is raised from \$3,000,000 to \$7,500,000, while the outstanding amount will be increased from \$2,500,000 to \$5,000,000. In bringing its capital up to the latter figure, the bank will in effect convert a part of surplus into capital, arrangements having been made for the payment of a cash dividend of 100 per cent. out of the \$10,000,000 surplus, which dividend may be used as payment on the new stock. The merger of the City Trust Company, the Mercantile Trust Company and the Massachusetts Trust Company with the Old Colony Trust Company, authorized during the last session of the Legislature, has also been carried to completion.

Arthur J. Skinner, who had previously been assistant cashier, and Frederick M. Jones has been made assistant casier.

Indianapolis Banker to Retire.

John Perrin, chairman of the board of directors of the Fletcher-American National Bank of Indianapolis, has made known to the directors his intention to withdraw from active management in the institution. Mr. Perrin, it is stated, will carry out these plans before the first of the year. His withdrawal, it is said, is in furtherance of action contemplated a year ago when negotiations were entered into for the consolidation of the Fletcher National Bank and American National Bank, of which latter he had been president. Some of the members of Mr. Perrin's family have established a home in California, and in fulfillment of his desire to more nearly retire from business, he has decided to join them there. Mr. Perrin himself is the owner of property in the State in which he has decided to locate. Mr. Perrin announces that he has not disposed of his interest in the bank and does not contemplate abandoning his business holdings in Indianapolis. H. A. Schlottzhauer has resigned as cashier of

Frederick Harris Elected President Third National Bank, Springfield, Mass.

Frederick Harris has been elected to succeed his father, the late Frederick H. Harris, as president of the Third National Bank of Springfield, Mass. The new president has been with the institution since 1873, entering its management at that time as assistant cashier. Becoming cashier in 1886, he continued in that capacity until his present advancement to the head of the institution. His successor in the cashiership is

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Tickler Memo Desk Calendar

A "reason why" every day of the year. Printed in red if you like. Can't be overlooked—calendar sheets of good stock—first-class printing. One-piece stamped steel base, fitted with a patented, self-locking tongue, on which each succeeding year's pad may be instantly fastened. Any desired finish—enamel, brushed brass, copper, nickel, solid brass or solid German silver.

A "Practical" Tickler Memo Desk Calendar costs less than a dozen form letters or circulars and, in effect, is really sending 365 personal ones.

Write today for suggestions and prices.

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Successor to TUKE & MULLIN

DETROIT, MICHIGAN



the Fletcher-American National Bank and has been succeeded by Ralph K. Smith, previously one of the assistant cashiers.

Santo Domingan Bank.

Arrangements are being perfected for the establishment in the Republic of Santo Domingo of what is claimed to be its "first modern banking institution." It has been designated the National Bank of Santo Domingo, and will have its headquarters in the City of Santo Domingo. No regularly organized banking facilities, it is pointed out, exist in the Republic, and foreign exchange is almost entirely in the hands of merchants, who are obliged to maintain credits in New York, London, Paris and Hamburg. Circulars with respect to the movement give prominence to the fact that the banking laws of the Republic are similar to those of Canada and permit the establishment of branch banks and the issue of bank notes to the extent of the bank's paid-in capital. The capital of the National Bank of Santo Domingo is to be \$500,000 (par \$100), full paid and non-assessable, and offerings of the same at par are being made in New York by H. C. Niese & Co. and in Chicago by Wollenberger & Co. The payments, Messrs. Niese & Co. announce, are to be thirty per cent. on application, twenty per cent. on allotment and the balance on October 1. The following, it is stated, have signified their willingness to serve as directors of the new bank: Samuel M. Jarvis, vice-president of the National Bank of Cuba;

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL	SURPLUS
\$1,000,000	\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon	Samuel Adams
Charles T. Willis	William H. Gelshenen
Ruel W. Poor	Morgan J. O'Brien
	Thomas D. Adams

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FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



W. H. Lynn, capitalist and ex-United States Senator, New York; Henry Siegel, president of several department stores; Frederick Brown, expert on Latin-American affairs, and Frank J. R. Mitchell, formerly of Simmons, Mitchell and Irving, corporation attorneys, of Chicago. The circulars report that the books of the bank will be audited regularly by a reliable firm of American chartered accountants. It is also announced that under the laws of Santo Domingo there is no double liability to stockholders, as is the case with national banks in the United States.

all of the first floor has been reserved for the banking department of the institution and a portion of the second floor will be set aside for the directors' rooms and bank offices.

National Stock Yards National Bank, National Stock Yards, Illinois.

Melvin A. Traylor, until recently president of the First National Bank of Ballinger, Texas, has been elected first vice-president of the National Stock Yards National Bank of National Stock Yards, Ill., actively in charge of the "bank department." Mr. Traylor is a native Kentuckian and lived on a farm in Adair County until 1898. That year he migrated to Hillsboro, Texas, and became the city secretary of that city in 1901. He was admitted to the bar in 1903 and a year later was appointed assistant county attorney. In 1905 he entered the Citizens National Bank of Hillsboro, Texas, in a clerical capacity; three months later he became cashier of the Malone Bank, Malone, Texas. Mr. Traylor entered the Citizens National Bank of Ballinger, Texas, as

Portland, Oregon, Bank Increases Capital.

The Merchants' National Bank of Portland, Ore., has increased its capital from \$250,000 to \$500,000, the new capital having become effective August 23. With surplus and undivided profits of \$175,000, the working capital of the institution becomes \$675,000. The bank plans to occupy new quarters early the coming year, when the structure in which it has arranged to make its future home is completed. The building will be erected on a site 50x100 feet; practically

Capital - \$6,000,000

Surplus - \$6,000,000



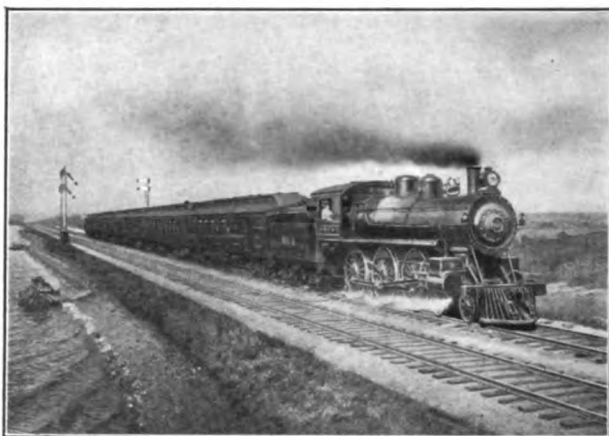
**Depository of the
United States, State
and City of New York**

The Mechanics and Metals National Bank

OF THE CITY OF NEW YORK

GATES W. MCGARRAH, President.
ALEXANDER E. ORR, Vice-President.
NICHOLAS F. PALMER, Vice-President.
FREDERIC W. ALLEN, Vice-President.
FRANK O. ROE, Vice-President.

WALTER F. ALBERTSEN, Vice-Pres.
JOSEPH S. HOUSE, Cashier.
ROBERT U. GRAFF, Asst. Cashier.
JOHN ROBINSON, Asst. Cashier.
CHARLES E. MILLER, Asst. Cashier.



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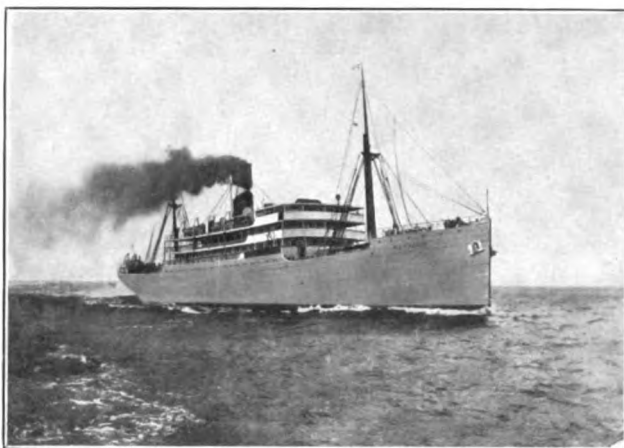
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NEW ORLEANS, November 20-24, 1911

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SPOKANE

MONTREAL
LONDON

PARIS

WINNIPEG
GLASGOW

cashier in January, 1908, and the following January he was made vice-president, continuing in that capacity until August, 1909, when the Citizens National of Ballinger merged with the First National Bank of Ballinger, at which time he assumed the

Biggest Bank in Mississippi.

There are larger cities in Mississippi than Hattiesburg, but in the banking class this city has one that leads all the rest. The rich black delta, that in other days was wont to look down upon the humble and despised "piney woods section," must now look up to Hattiesburg for its biggest bank; and in banking and financial circles there has been a good deal of comment on the fact that the last publication of the State auditor, containing all of the Mississippi bank statements, shows that in point of deposits and total resources, Hattiesburg has



MELVIN A. TRAYLOR

FIRST VICE-PRESIDENT NATIONAL STOCK YARDS
BANK, NATIONAL STOCK YARDS, ILL.

presidency of the First National Bank. Mr. Traylor is thoroughly conversant with agricultural conditions throughout the South and comes to the National Stock Yards National Bank well equipped to take care of that bank's correspondents.

ESTABLISHED 1865

National Bank of Virginia

RICHMOND, VA.

Capital \$1,200,000.00
Surplus 600,000.00

Deposits OVER FIVE MILLION DOLLARS

WM. M. HABLSTON, President
JOHN SKELTON WILLIAMS, Vice-Pres.
WILLIAM T. REED, Vice-Pres.
W. MEADE ADDISON, Cashier
O. S. MORTON, Asst. Cashier
JOHN TYLER, Asst. Cashier
W. H. SLAUGHTER, Asst. Cashier
JAMES M. BALL, Asst. Cashier

Accounts of Banks, Bankers, Corporations,
Firms and Individuals solicited on favorable
terms. Correspondence invited.

LARGEST CAPITAL
of Any Bank in Virginia



the leading bank in Mississippi; and this has given rise to inquiry and investigation of the position of Hattiesburg's leading bank with reference to other towns of the size of Hattiesburg in the Southern States.

An examination of the last report covering all of the banks in the Southern States discovers the pleasing fact that in point of deposits and total resources the First National Bank of Commerce of Hattiesburg leads all other banks in towns no larger than Hattiesburg in the Southern States.

This is truly a great honor and a great asset to the city of Hattiesburg and to South Mississippi. It reflects credit not only on the management of the bank, including its officers, directors and shareholders, but it is a great tribute to the enterprise of the people of this section.

Banking by mail has probably contributed materially to the \$2,000,000 of deposits in this bank, but this is no reflection on the bank, as all large banks draw their deposits from a wide territory. Indeed this is rather further evidence of the energy and perseverance of the bank in advertising its facilities for handling bank accounts by mail.

New York State Banking Department Exhibit.

An unusual feature was introduced at the State fair held at Syracuse, N. Y., in September, in the presentation of an exhibit by the New York Banking Department. The exhibit was prepared by Superintendent George C. Van Tuyl, Jr., and was in charge of two regular examiners of the department—Gordon F. Smith and James J. Kennedy.

Numerous placards offered varied information on the statistical work of the department, and among the data submitted it was shown that there are 870 institutions under the supervision of the State, with total resources of over \$4,000,000,000. In a comparison of these with the federal banks, the total resources of all the national banks in the United States were given as less than \$10,000,000,000, the resources of the New York State institutions thus constituting over one-third of those of the combined national banks of the country. The amounts contributed by the various classes of institutions in the State in making up the \$4,000,000,000 total is indicated—the savings banks leading with aggregate resources of \$1,751,800,000; the trust companies, with \$1,711,600,000, and the banks of deposit and discount having total resources of \$608,000,000. The growth by decades was displayed, this showing the development to have been most marked during the past thirty years, or since 1880, when the total resources of all the institutions under the State Banking Department was but \$526,200,000. Specimen reports of examinations required of the institutions were included in the exhibit, as well as specimen cards used in the credit system of the department, revealing the record of individual borrowers in State banks



IF intelligent handling of items and low rates appeal to you send us your **BUFFALO BUSINESS**

Capital	-	-	-	\$300,000.00
Surplus and Profits	-	-	-	375,000.00
Deposits	-	-	-	5,500,000.00

A. D. BISSELL, President
 C. R. HUNTLEY, Vice-President
 E. J. NEWELL, Cashier
 HOWARD BISSELL, Asst. Cashier
 C. G. FEIL, Asst. Cashier



ESTABLISHED 1865.



C.C. Shayne & Co.

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MANUFACTURERS OF

STRICTLY RELIABLE FURS

INVITE INSPECTION
OF THE

Newest Designs

AND

Latest Models

IN

Fur Garments
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Muffs, etc.

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FUR AND FUR-LINED

COATS

FOR ALL OCCASIONS

EVERYTHING IN *FUR GARMENTS* FOR
MOTORISTS. THE BEST THAT
CAN BE PRODUCED

126 WEST FORTY-SECOND ST.
NEW YORK

Capital - \$2,500,000.00

**FIRST
NATIONAL
BANK**

Deposits, \$29,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,390,000.00

ACCOUNTS SOLICITED

Correspondence Invited

Collections a Specialty

and trust companies, photographs of buildings of State banking institutions, etc., etc.

**Cincinnati Clearing-House Association
Admits Trust Companies.**

Under action taken by the Cincinnati Clearing-House Association on August 29, trust companies have for the first time been admitted to membership. Four of the institutions have joined the association and began clearing as members September 6. They are the Central Trust & Safe Deposit Company, the Cincinnati Trust Company, the Union Savings Bank & Trust Company and the Provident Savings Bank & Trust Company. One of the qualifications for the admittance of trust companies is that they have a capital of at least \$500,000. Including the trust companies, the clearing-house is now made up of fourteen member institutions. The association is preparing to adopt its new system of clearing-house examinations decided upon in July; as indicated August 5, Samuel L. McCune, for nine years national bank examiner, has been selected as the clearing-house examiner.

Denver National Bank Increases Capital.

Stockholders of the Denver National Bank of Denver, Col., have authorized an issue of stock that increases the institution's capital from \$750,000 to \$1,000,000 and raises the surplus from \$1,000,000 to \$1,250,000. Three new members have been added to the board of directors, increasing the membership to fifteen. Those just elected are Claude K. Boettcher and John H. Porter of the bond house of Boettcher, Porter & Co., and Ernest A. Peters, president of the Peters Paper Company.

**Fourth National Bank of New York Will
Open Foreign Department.**

Samuel S. Campbell, vice-president of the Fourth National Bank of New York, has just returned from a six weeks' trip in



S. S. CAMPBELL

**VICE-PRESIDENT FOURTH NATIONAL BANK OF
NEW YORK**

Europe. While Mr. Campbell's trip was really for pleasure, he found time to put the finishing touches on the plans of the Fourth National Bank for the opening of a foreign department.

First National Bank, Denver, Colo.

Gerald Hughes has been made a vice-president and D. R. Platt an assistant cashier of the First National Bank of Denver. The full official staff now consists of A. V. Hunter, president; Thomas Keely, F. G. Moffatt and Gerald Hughes, vice-presidents; C. S. Haughwout, cashier, and J. C. Hous-ten, F. J. Denison and D. R. Platt, assistant

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TRADE MARK



WE Make Wax for every purpose and have studied to produce a wax fitted for a particular need.

Many years' experience in the manufacture and sale of Sealing Wax has enabled us to offer a product suited to the most discriminating user.

We pay Particular Attention to the COLOR, FLOW and ADHESIVENESS of our Sealing Wax.

Ask your Dealer or let us know your requirements and the nature of your business and we will Forward a Sample Stick on receipt of Four cents.

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Bureau of factories manufacturing every material necessary to complete a modern equipped bank building sold direct to banks, planned and built complete, using highest grade of materials at a conservatively economical price.

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cashiers, and G. M. Hauk, auditor. Max Waessel is manager of the foreign exchange department and H. M. Beatty is secretary to the president.

The September 1 statement of the First National Bank of Denver shows deposits of \$18,061,373—this amount representing an increase of \$700,000 since June 7, when the deposits aggregated \$17,361,097. The total assets have risen in the three months from \$20,330,969 to \$21,098,575.

Director Added to Fidelity Trust Co. of New York.

Frank A. Horne, president of the Merchants Refrigerating Company, has been elected a director of the Fidelity Trust Company of New York.

Penny Bank of Philadelphia to Build.

The trustees of the First Penny Savings Bank of Philadelphia will erect a substantial bank building to accommodate the large business that they are now doing in comparatively small quarters at Twenty-first and Bainbridge streets.

The First Penny Savings Bank was organized by John Wanamaker, former Postmaster-General, in July, 1888, and incorporated in the following year. It has been

successful from the start. Nearly 40,000 persons have opened savings accounts, and to-day nearly 18,000 open accounts are on its books, principally from the southwestern section of the city.

In addition to the savings end of their business the trustees have a system of instalment mortgages which enables persons who desire to own their homes to do so as easily as through a building association and with less risk.

Chatham & Phenix National Bank of New York Gains New Director.

August Belmont, Jr., has been elected a director of the Chatham & Phenix National Bank of New York. This brings the total number of directors up to thirty-two, all men of prominence. At the close of business, September 1, the Chatham & Phenix reported deposits of \$19,260,277.

Chase National Bank of New York Remodeling Quarters.

The Chase National Bank of New York is making extensive alterations in its main banking room, so as to allow additional space for the officers' quarters. A special feature of the remodeled room will be handsome new German silver grills. Under

If you are not sure that your advertising expenditure is bringing proper returns in the shape of new business,

it may be that some new blood in your advertising would just turn the scale and make your advertising appropriation a good investment instead of an expense.

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Through the Banking Publicity Department of the **BANKERS MAGAZINE**, we are kept in constant touch with the advertising banks of the country. We receive the newest and best ideas in bank advertising, and pass them on to others.

In our advertising preparation work we have the full benefit of this thorough familiarity with current bank publicity. This, of course, is merely supplementary to our own experience and adaptability along these lines, which have accomplished satisfactory results for the institutions employing our services.

Now is the time to plan your advertising for the coming Fall and Winter campaign.

It places you under no obligation when you ask us to send you particulars concerning the Bankers Publishing Company's advertising preparation service, but it may be of the greatest value to you.

Write now.

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THE BANKERS PUBLISHING COMPANY

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HANDLE WORK ANYWHERE

31 East 27th St., New York

the presidency of Albert H. Wiggin, the Chase is rapidly becoming one of New York's largest banking institutions. Deposits under the call of September 1 are \$113,423,098, as against \$104,317,194 on June 7 last. On September 1, 1910, deposits were but \$96,149,273, the increase for the year amounting, therefore, to 17¼ million dollars. Aggregate resources on September 1, 1911, were \$127,914,369.

Bankers' Trust Company, Houston.

The officers for the Bankers' Trust Company of Houston, Tex., enlarged through the consolidation with it on September 1 of the Texas Trust Company, have been named. As a result of the union, the Bankers' Trust increases its capital from \$1,000,000 to \$2,000,000. The following are the officers of the enlarged institution: Jesse H. Jones, chairman of the board; J. S. Rice, president; T. M. Taylor, N. E. Meador, J. M. Rockwell, J. A. Baker, A. M. Levy, W. T. Carter, C. G. Pillot and J. W. Link, vice-presidents; C. M. Malone, secretary; Fred J. Heyne, cashier and treasurer; P. S. Durham, assistant secretary and assistant treasurer; Burke Baker, bond officer, and William Malone, real estate officer.

Charles B. Wiggin.

Charles B. Wiggin, who has been recently elected president of the Brookline Trust Company of Brookline, Mass., and the subject of this sketch, possesses one of the prime requisites of the successful banker of to-day. That requisite is his capacity to secure new business, and it has made of him a bank president at quite an early stage of his career.

He entered the Eliot National Bank of Boston in 1903, at the age of sixteen; four years later he resigned his position of assistant collection clerk to become general clerk in the City Trust Company of Boston. There, in two years, he was elected auditor, and when the company consolidated with the

Old Colony Trust Company, he became assistant auditor of the merged institution.

In August, 1910, he was elected vice-president and director of the Brookline National



C. B. WIGGIN

**PRESIDENT BROOKLINE TRUST COMPANY,
BROOKLINE, MASS.**

Bank of Brookline, Mass.—the youngest officer of that rank in New England. Three months later this institution became the Brookline Trust Company and in July Mr. Wiggin was elected its president. In the year of his service the deposits of the company have increased about thirty-three per cent. and a branch has been established.

— A TIMELY BOOK —

Gold Production and Future Prices

By
Harrison H. Brace, LL.M.

This book is being very favorably received by the press and by students of finance everywhere, who recognize it as an able discussion of the question of gold production and other causes of price changes with a view to making the best possible estimate of the future of prices.

The following are a few Comments

The author of this monograph has given his readers a brief, logical and interesting analysis of his subject—*Annals of American Academy of Political and Social Science*.

Mr. Brace approaches the question in a dispassionate and judicial fashion. His book is a wonderful example of close and splendidly co-ordinated reasoning.—*Rochester Post Express*.

A timely inquiry into the increased production of gold and its effect on prices, past, present and prospective.—*Wall Street Journal*.

A careful study of the theme. It presents in condensed form a great mass of data which must prove of value to the student of prices.—*St. Paul Pioneer Press*.

Brace has evidently read the literature on the subject quite thoroughly and has given intelligent consideration to all of the important factors in the problem. I think his conclusions are sound and that the whole discussion is admirably done.—*George E. Roberts, Director of the Mint*.

A balanced and scientific study of a present economic question of considerable human interest.—*Boston Transcript*.

An illuminating discussion of the gold question, both as to past and future.—*Minneapolis Journal*.

It is a distinct contribution to the literature of prices and gold production.—*Alumni Weekly, University of Minnesota*.

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The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00

Surplus and Undivided Profits \$1,850,000.00

A COMMERCIAL BANK

Interviews and Correspondence Invited

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J. S. BEMIS,
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CHAS. CLARK,
CHAS. A. COX,
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D. R. FRANCIS,
Francis, Bros. & Co.
O. L. GARRISON,
Pres. Big Muddy Coal & Iron Co.

ELIAS S. GATCH,
President Granby Mining and
Smelting Co.
C. F. GAUSS,
Pres. Gauss-Langenberg Hat Co.
CECIL D. GREGG,
President Evans-Howard Fire
Brick Co.
Pres. C.D. Gregg Tea & Coffee Co.
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Secretary John Deere Plow Co.
JOHN J. O'FALLON,
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Vice-President Sam'l Cupples
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Treasurer Norvell-Shapleigh
Hardware Co.
J. J. WERTHEIMER,
President Wertheimer-Swartz
Shoe Co.
G. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

Mr. Wiggin has also been elected trustee of the Brookline Savings Bank.

He came prominently before the bank men of Boston three years ago as the organizer and first president of Boston Chapter, American Institute of Banking.

He is an earnest and effective speaker and it is largely through his efforts that Boston Chapter has raised its standard of education to its present commendable height.

Hennepin County Savings Bank of Minneapolis.

This institution, which has just rounded out forty-one years of operation, has raised its capital and surplus from \$100,000 to \$250,000 each. W. H. Lee, the president, will very shortly complete thirty-seven years of continuous service with this bank.

Roger I. Lee, formerly discount clerk, was elected an assistant cashier, September 12. David P. Jones, son of one of the founders, namely, Judge E. S. Jones, is vice-president; W. F. McLane is cashier and W. H. Barber is assistant cashier.

Minneapolis Bankers at Dinner.

Directors, officers and stockholders of the Metropolitan National Bank of Minneapolis dined together at the Commercial Club

on the night of September 14, 100 being present. The dinner was occasioned by the recent taking over by the Metropolitan National Bank of the entire business of the Germania Bank and the desire of the officers of the greater Metropolitan National that all men interested in the institution become better acquainted. Bishop Samuel C. Edsall was a speaker. Other speakers were; V. H. Van Slyke, president of the bank; O. E. Naegele, vice-president; C. F. Wyant, cashier, and George B. Norris. George F. Blossom, who is a director, presided as toastmaster.

Edwin Hawley a Director in Fort Dearborn National Bank of Chicago.

With the announcement that Edwin Hawley, the railway magnate, has been added to the board of directors, and with a gain of a million and a half in deposits shown between the calls of June 7 and September 1, the Fort Dearborn National Bank has a record of which it can be justly proud.

Under the able guidance of William A. Tilden and his energetic vice-presidents, this institution has made remarkable strides in recent months, its deposits advancing rapidly and steadily between calls.

The result of Mr. Hawley's addition to the directorate is taken to mean enlarged con-

THE NEGOTIABLE INSTRUMENTS LAW

AS ENACTED IN

Alabama.
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Nevada.
New Jersey.
New Mexico.
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Tennessee.
Utah.
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Washington.
West Virginia.
Wisconsin.
Wyoming.

THE FULL TEXT OF THE STATUTE WITH COPIOUS ANNOTATIONS

Third and Revised Edition, 1908

By JOHN J. CRAWFORD, of the New York Bar

BY WHOM THE STATUTE WAS DRAWN

THE adoption of this Law so generally by the different States has made it one of the most important statutes ever enacted in this Country, and is of special interest to every banker. Hardly any case now arises upon a negotiable instrument, but requires the application of some provision of the Act.

The standard edition of the Law is that prepared by the draftsman. In this **THIRD EDITION**, the author has cited upwards of *two hundred new cases*, in which the statute has been construed or applied. This is the only book in which these cases are collected. These are not only important in the states where they were rendered, *but also in all other states where the statute is in force.*

All of the original annotations are preserved. These are not merely a digest and compilation of cases, but indicate the decisions and other sources from which the various provisions of the statute were drawn. They were prepared by Mr. Crawford himself, and many of them are his original notes to the draft of the Act submitted to the Conference of Commissioners on Uniformity of Laws.

A specially important feature is that the notes point out the changes which have been made in the law.

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Hexagon shape, with Rubber
Tip, \$4.50; without, \$3.00

Also 10,000 other "Ad."
Novelties. Send for Catalogue.

E. W. FRENCH CO.
NEW YORK

nections for the bank in the near future, which cannot fail to have a still more favorable effect upon its progress.

New Officers Guaranty Trust Company, New York City.

The directors of the Guaranty Trust Company of New York City have elected James M. Pratt vice-president and Robert H. Cox, assistant secretary of the company.

James M. Pratt, the newly-elected vice-president of the Guaranty Trust Company of New York, entered the employ of that institution as a loan clerk in 1891. In 1898 he resigned to become assistant secretary of the Fifth Avenue Trust Company and six years later was made secretary. Upon the

Mr. Cox, the junior of the newly-elected officers, has advanced rapidly in his chosen profession since his graduation from Harvard with the class of '05. In that year he entered the banking house of Fisk & Rob-



J. M. PRATT

VICE-PRESIDENT GUARANTY TRUST COMPANY,
NEW YORK CITY

merger of the Fifth Avenue Trust Company with the Guaranty in January, 1910, Mr. Pratt returned to the latter institution as assistant treasurer, which position he has filled up to the present time.



R. H. Cox

ASSISTANT SECRETARY GUARANTY TRUST COMPANY, NEW YORK CITY

inson, coming to the Guaranty Trust Company in the spring of 1909. Mr. Cox has served as bond man and as chief clerk. The nature of his work has given him a keen insight into the banking business.

BANK PICTURES

Large portraits of past officers, etc., made from any good photograph. Splendid for directors' room or bank offices. Write for particulars.

Oliver Lippincott, Photographer of Men
Singer Bldg., 149 B'way, New York

References—The Bankers Magazine

A NOTABLE BOOK

The Economic Causes of Great Fortunes

By ANNA YOUNGMAN

This is a thorough study of this important subject. Miss Youngman, who is connected with the department of economics at Wellesley College, has given her subject careful study and close research. Her book will be read with interest and profit by all students of economic subjects.

The New York "Times" said editorially: "There is nothing feminine about this book. Dr. Youngman may take her seat beside Ida Tarbell, who knows how to impress herself upon her times even without voting."

"The Nation", May 12, 1910, said: "Marked by intellectual balance in discussion and judicial care in the statement of facts."

The book is issued in attractive and readable form, making a volume of 200 pages, bound in red cloth, with title in gold. The price is \$1.50 net.

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is the title of a new chapter in the Revised and Enlarged Fourth Edition of "PUSHING YOUR BUSINESS," the standard text-book of financial advertising by T. D. MacGregor, which has just been issued from the press.

The new edition of

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contains 197 pages and 75 illustrations. It is a practical working guide for all advertisers. The titles of the eleven chapters are as follows: "The Technical Foundation," "Advertising Mediums," "Booklets and House Organs," "Advertising a Commercial Bank," "Savings Bank Advertising," "Trust Company Advertising," "Safe Deposit Advertising," "Investment Advertising," "Real Estate Advertising," "Insurance Advertising," and "Effective Business Letters"

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FIRST NATIONAL BANK

BILL OF LADING DRAFTS
ON RICHMOND A SPECIALTY

Strong in resources, conservative
in management, progressive in policy

OF RICHMOND, VIRGINIA

New Assistant Cashier, St. Louis Bank.

The Merchants-Laclede National Bank has appointed L. K. Wise as assistant cashier, making four assistant cashiers on the staff of the bank. Mr. Wise has been with the bank a number of years in different positions.

Second National Bank of Uniontown, Pa.

Isaac Jackson, cashier during the last few years of the Carnegie National Bank, has been elected cashier of the Second National Bank of Uniontown, Pa. Mr. Jackson succeeds G. S. Harsh, cashier for some years, who has been elected president of the Second National Bank and who will devote more of his time to his extensive coal and coke interests. Mr. Jackson is well known in Pittsburgh and Uniontown. For ten years he was with the National Bank of Fayette County at Uniontown, and was later secretary and treasurer of the Sewickley Trust Company. Since his connection with the Carnegie National Bank the deposits of that institution increased from \$230,000 to \$451,000. The Second National Bank of Uniontown has \$100,000 capital, \$150,000 surplus and \$10,000 undivided profits. It was organized in 1896.

New Bank for Atlanta, Ga.

John M. Simonton, one of the chief promoters of the new Planters' Trust Company, is expected to return to Atlanta from a trip

in the interest of the institution, which will shortly open for business.

The incorporators are: George D. Porter, John M. Simonton, S. B. Turman, Arnold Broyles and Marcellus M. Anderson. The capital stock is to be \$1,000,000, divided into 10,000 shares, of \$100 each, of which \$25,000, enough to begin business, has already been paid in. An application for a charter is now pending with the Secretary of State.

The Planters' Trust Company, it is announced, will do a general banking and trust business. Mr. Anderson stated that a meeting would soon be held to select a board of directors, elect officers and secure a location for the institution.

Clearing House Organized in Memphis.

The bankers of Memphis, Tenn., after many unsuccessful attempts, have succeeded in organizing a Clearing-House Association. The following officers have been elected: E. L. Rice, Bank of Commerce and Trust Company, president; John McDowell, Union and Planters Bank and Trust Company, vice-president, and James Nathan, Manhattan Savings Bank and Trust Company, manager.

Kansas Bank to Sue for a Charter.

A suit to force the charter board of the State to issue a charter to the Lawrence State Savings Bank of Lawrence, Kan., will be instituted by the directors of the bank, according to the statement of Lewis Kreeck, one of the directors.

IMPORTANT ANNOUNCEMENT

THOMAS BRUCE BOYD Bank Equipment SPECIALIST

140 West 42d Street, New York City

Plans, Specifications and Superintendence of Construction.

15 Years' Experience

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NATIONAL
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Surplus and Undivided Profits 1,620,330.92

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

The Lawrence State Savings Bank has been recently organized and it applied for a State charter early in September. At the same time the Citizens' State Bank of Lawrence applied and was granted a charter. The charter board believed that the local field did not justify seven banks, and refused the application of the State Savings Bank.

Promotion for Seattle Bank Clerk.

E. W. Brownell, who has been chief clerk of the National Bank of Commerce of Seattle, has been promoted to be assistant cashier of the bank. Mr. Brownell came to Seattle from the First National of Chicago in 1903 and began work in the Commerce as bookkeeper. Later he was promoted to the receiving cage. Splendid executive ability was shown in the position of chief clerk, and Mr. Brownell's many friends feel that the last advancement, which comes at the same time as his designation as manager of the clearing-house, is the reward of ability and faithful service.

Savings Bank Men to Hear Address by Advertising Expert at New Orleans.

E. St. Elmo Lewis, advertising manager of the Burroughs Adding Machine Company and one of the best-known advertising men in the country, is to address the Savings Bank Section of the American Bankers' Association at its New Orleans convention the last week in November, on "The Public and the Savings Idea."

The address is to have special reference to the widespread tendency of the public to put savings into fake investment schemes instead of into savings accounts. A remedy for the evil, based upon educational advertising of a different sort, is to be suggested to the savings bank people in the address.

Secretary W. H. Kniffin, Jr., of the Savings Bank Section of the American Bankers' Association, arranged for the address.

On the subject of the address, he says:

"I am very much pleased personally to get Mr. Lewis on the programme, and I am sure our men will be of the same mind as this is brought to their attention. It is a rather inviting subject, and I know that he will give



HENRY HORNBLOWER

NEWLY ELECTED PRESIDENT BOSTON STOCK
EXCHANGE; MEMBER OF FIRM OF
HORNBLOWER & WEEKS

us something that will be eminently worth while."

Besides his wide experience and close study of all phases of advertising, Mr. Lewis has delivered several addresses on financial advertising, before the Alabama, Oklahoma,

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high grade, serviceable paper for correspondence and typewriter purposes

SOLE AGENTS

F. W. ANDERSON & COMPANY

34 Beekman Street, New York

Iowa and Wisconsin State Associations, and always with notable success, and is the author of a book of nearly 1,000 pages, called "Financial Advertising," which has had a wide sale.

Sections for Institute Work.

An interesting method of organization has been suggested to the Louisville chapter of the American Institute of Banking, and it is likely that it will be put into effect in the near future. Briefly, it involves the application of the principle of sections upon which the American Bankers' Association is organized. Under this plan the individual bookkeepers, the paying tellers, the receiving tellers and others connected with the banks in clerical capacities could meet in sections for the discussion of their peculiar problems. Short cuts in getting results, new and improved methods of handling the routine labors of the bank and other points of direct personal interest to the men in each section will be taken up, with the idea in view of enabling those holding similar position in all the Louisville banks to use uniform methods.

At present, it is stated, most of the banks have individual methods of handling certain propositions, so that it is almost impossible to find all the banks performing any one transaction in the same way. The work of

the sections would have in view bringing this about. Clinton Davidson, individual bookkeeper of the Columbia Trust Company, suggested the plan, and it is practically certain that it will be used with the beginning of the fall work of the chapter.

CANADIAN NOTES

Bank of Nova Scotia Dividend 14 Per Cent.

The Bank of Nova Scotia has increased its dividend thirteen to fourteen per cent. The dividend was increased thirteen per cent. a little more than a year ago. The bank's paid-up capital is \$3,000,000, and the reserve fund, \$5,650,000. For the last few years the bank has been earning more than twenty per cent. on its capital.

Bank Merger Rumored.

Negotiations are reported to be under way for the absorption of the Metropolitan Bank by the Bank of Nova Scotia. It is said that shareholders of the Metropolitan will be offered \$250 for their stock, upon which dividends at the rate of ten per cent. a year are being paid.

NEWSBOYS START BANK

A CROWD of embryo financiers of St. Paul, Minn., banded together as the 'Newsboys' Club, have established a savings bank as a phase of their club activities. Director Wyckoff of the boys' club is serving as cashier, teller and messenger. Deposits ranging from one cent to one dollar are coming in at every hour

of the day. Although but five cents is necessary for the opening of an account, the young merchant must have at least one dollar to his credit before he may draw upon his funds. Director Wyckoff says the boys are very much in earnest and express much surprise at the way their savings grow.

WITH BANKERS MAGAZINE ADVERTISERS

A BANKER'S STORY

By W. L. Martin, Cashier Marshall National Bank, Marshall, Texas

AFTER being in business some years we discovered that our banking house was neither modern nor attractive; nor in its lack of convenience did it make for comfort or economy. We finally decided to erect a new building, which would be up to date in its architecture, and especially constructed with a view to its beauty and convenience as a banking house. Our officers recognized that they would know when these requirements were fulfilled, but to get up the plans and specifications for such a building was the work of an expert architect, who had made a special study of bank work.

We learned of Hoggson Brothers and wrote them. Their representative came to see us and explained their one contract idea, that of designing, erecting, decorating and equipping a building under one contract.

Their plan was different from anything we had ever heard of, and we took the matter under advisement for several months, and in the meanwhile used the mails freely in investigating Hoggson Brothers—as to the quality of their service, and satisfaction given. Every letter from their patrons was unqualified in the praise of this firm.

Finally we adopted their method, feeling that if we were making a mistake we had good company and lots of it, to draw the plans, erect our building and equip it with its furniture and fixtures, for an agreed amount, which they guaranteed would not be exceeded, or if it was, the additional expenditure was the loss of Hoggson Brothers.

The recommendations of Hoggson Brothers were so high and unstinted that the directors of this bank felt that their plan was all claimed for it, and that we would get a building thoroughly satisfactory in every way; but if we failed to properly scrutinize the erection of our building, our friends, who were a little doubtful of this "one contract idea," did the watching for us.

We have gotten at the hands of Hoggson Brothers a modern, well constructed and beautiful banking house, provided with every convenience and beautifully equipped in its furnishings. They foresaw our present requirements, and provided for the healthy growth of the bank as to future requirements.

With it all there was no worry or trouble to us; their superintendent knew his business and was on the job every minute and saw that the specifications were carefully carried out.

We are proud of our building, as are the good people of our town, which they demonstrate by bringing their visitors and friends to view it.

We are glad to show our building to anyone; to answer inquiries of bankers who contemplate erecting new quarters, and to testify to the high esteem in which we hold Hoggson Brothers, because, having had the benefit of their services ourselves, we would like to have all other banks receive the same advantages.

GUESS THE DATE

"THE new idea in business is honesty, openness, frankness," said Alton B. Parker at a dinner at Esopus. "We used to conceal our plumbing, and very poor, insanitary work it was. We expose it now, and it is altogether sound and wholesome and satisfactory. Well, business is like that.

"When I think of some of the tricks that used to obtain in reputable business firms, I am reminded of the seaside auctioneer.

"This scoundrel once held up a \$10 gold piece and said:

"Guess the date on this piece of

money, friends. Make a guess and a small purchase, and the correct guesser takes the coin."

"So everybody in the crowd guessed, everybody bought some worthless rubbish, and the dealer netted a huge profit. Then, at the end, he looked at the \$10 gold piece, held it up and said:

"Now for it! Who guessed 1894?"

"Me! me! me!" cried every man jack in the shop.

"The dealer smiled.

"Then you all guessed wrong," he said, slipping the coin into his pocket. "The date is 1882."—*Washington Star*.



BANKERS TRUST COMPANY BUILDING
WALL AND NASSAU STREETS
NEW YORK

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

SIXTY-FIFTH YEAR

NOVEMBER, 1911

VOLUME LXXXIII, NO. 5

THE BANKERS MAGAZINE AS A REPRESENTATIVE OF AMERICAN BANKING

FOR sixty-five years **THE BANKERS MAGAZINE** has upheld the standard of American banking. In all that time it has never had greater faith in the efficiency of our banks than it has now. A Western business man—apparently a new convert to the cause of banking and currency reform, and betraying the zeal usual in new converts—declared recently that our banking system is the worst in the world. The statement is not true. We have the best banking system of any country in the world.

In saying this we are by no means unmindful of the defects revealed by experience. But it will be found that these defects are few in number and trifling in character compared with the many excellent features appertaining to the banks of the United States.

The efficacy of a banking system is not to be measured by the theoretical tests set up by doctrinaires and professional currency reformers. The real test is the service rendered by the banks to the business community. And we say deliberately that, judged by this standard, the American banking system is the best in the world.

In no other country are the banks so much a part of the business life of the community, and their welfare so intimately bound up with its business activity. The marvellous industrial and commercial growth of the United

States has been aided incalculably by the banks, and this because the banks were from the nature of their organization and management admirably adapted to local needs.

In one respect the banking system of this country is unique: in the extent of the close personal relations existing between the banks and their dealers. More than elsewhere, banking is dependent upon a knowledge of men. The banks of other countries discount paper accepted by some strong bank or discount company, or they lend on collaterals having a known stock exchange value. Here, to an extent not known in any other country, loans are made on the personal knowledge of the character and business ability of the borrower. And this practice has developed great skill and judgment among our bankers. It has tended to make them self-reliant and independent, and has brought the banks and the people close together.

The growth of American banking, in numbers and resources, has been without parallel. And the banks have grown because they have safely and efficiently served the business world. They are strong in the public confidence because they deserve to be.

Of this growth **THE BANKERS MAGAZINE** has been more than a silent spectator. Great changes have taken place in our banking system in the last sixty-

five years. Of these the birth of the national banking system and the remarkable development of the trust company must be regarded as the two most striking events. Wonderful advancement must be noted also in the State banking systems, a constant improvement being made in the character of legislation and supervision.

By its editorial discussions and contributions from bankers and others, THE BANKERS MAGAZINE has borne a leading part in this evolution of American banking. When has its influence been given for measures other than those calculated to strengthen the banks and to safeguard the interests of the people? Every attempt to debase the currency or to weaken the banks has found in these pages an uncompromising foe.

But THE BANKERS MAGAZINE has not been content to oppose unsound measures. It has steadily upheld sound principles and constantly advocated measures for the betterment of our currency and banking. We have truthfully said that the United States has the best banking system of any country in the world. We did not say that it is yet perfect. Some way must be found to prevent the undue expansion of credit which breeds panic, and means must be provided for avoiding the suspension of cash payment in times of stress. These and many other wise reforms have been faithfully supported by THE BANKERS MAGAZINE. The principles we have advocated are gradually passing into the statutes regulating the currency and banking.

That this publication has rendered conspicuous service to the banks of the country in these matters of broad concern is a fact too well known to be denied. But it has done much more than that. It has brought to the banker himself a better conception of the dignity and opportunity of his calling, and has shown in numerous ways how

the service of the banks to the people may be enlarged. We have recognized always the splendid work being done by the bankers' associations and have taken special interest in the American Institute of Banking. Long before that organization was thought of, THE BANKERS MAGAZINE was carrying on a propaganda for the better education of bank clerks.

Muck-raking has been no part of our policy. Rotten banking and get-rich-quick schemes receive no encouragement from this MAGAZINE, but we believe more is to be gained by contemplating the good than in harping on the bad.

In its treatment of social, political and business problems, THE BANKERS MAGAZINE has avoided running after every new-fangled notion warranted to make men rich, happy and virtuous. We believe in progress, but believe also in being sure of our ground before going ahead.

One thing can not be too emphatically said: this MAGAZINE has preserved its independence absolutely. No bank or group of banks can control its policy. It is the servant of nobody, and bound only to follow its own convictions. The publishers have never said to its editor, say this, or don't say that. They know his integrity of purpose and they believe in the soundness of his judgment.

The bankers of this country are the trustees of property valued at many billions of dollars. We know that they are fulfilling this trust with ability and faithfulness. It has been the aim of THE BANKERS MAGAZINE to be a worthy representative of the bankers of the United States—a high ambition undoubtedly. We have loyally stood by every principle and every movement calculated to improve the currency and banking system, and it may with truthfulness be said that no other publication has done more, or so much, in this

direction. It has been no less serviceable to the banks in disseminating information of a practical character calculated to aid in efficient bank work and management. Indeed, this feature alone has made the publication indispensable to every young man in a bank who ever hopes to become anything more than a mere cog in the wheel.

This number of *THE BANKERS MAGAZINE* will fall into the hands of some bankers who are not among our regular readers. To such we candidly address the inquiry whether the record of the publication for sixty-five years—the work it has done, is doing now and purposes to do right along with increasing vigor and efficiency—is not such as to justly entitle *THE BANKERS MAGAZINE* to a permanent place upon the subscription list of every bank in the United States?

GROWTH AND DEVELOPMENT OF AMERICAN BANKING

WHILE accurate and complete statistics of the State banks have never been available, enough is known to show that these institutions have grown tremendously since 1846. According to figures given in Knox's *History of Banking*, the number of banks in that year was 707, their capital, \$196,000,000, individual deposits, \$96,000,000, and circulation \$105,000,000. This was, of course, long before the birth of the national banking system, and long before the trust company had begun to show its wonderful vigor as a financial institution. Now there are single banks whose deposits are greater than those of all the banks in existence when this *MAGAZINE* was established. There are now over 7,000 national banks with \$5,489,000,000 of individual deposits. As reported by the Comptroller of the Currency, on

June 30, 1910, there were 12,168 State banks, with \$2,700,000,000 individual deposits; 638 mutual savings banks, with \$3,360,000,000 individual deposits; 1,121 stock savings banks, with \$709,000,000 individual deposits; 934 private banks, with \$124,000,000 individual deposits; 1,091 loan and trust companies, with \$3,000,000,000 individual deposits. Or 15,950 banks, with nearly \$10,000,000,000 of individual deposits. Adding the national banks, the total number of institutions would be nearly 23,000, and the aggregate individual deposits about \$10,500,000,000.

Although the trust companies have shown the most remarkable development of any other class of institutions in recent years, the national, State, savings and private banks have also grown steadily and rapidly. Part of the growth of the trust companies has been due to the fact that they were endowed with functions additional to those possessed by any other class of banks and there was undoubtedly a demand for the peculiar services they were prepared to render. So sharply have the trust companies competed with the ordinary commercial banks for business that it has been proposed of late to provide for the organization of trust companies under Federal law, the new institutions to have the powers of national banks with those of the ordinary trust companies added. Several of the States, in their endeavor to place the banks and trust companies on a more equal footing, have provided for the organization of banks authorized to do a commercial, saving and trust company business, all under a single charter.

A notable development of banking—especially within the last ten or fifteen years—has been the tightening of State and Federal supervision and the inauguration of a system of clearing-house examinations. As a result, the maximum of efficiency in the outside regula-

tion of banking seems to be gradually nearing consummation.

One proof of the popularity of the country's banking institutions is their exemption from the hostile feeling shown by the public toward many other corporations. The banks are so intimately linked with the daily business activities of the people that all attempts to provoke political hostility against them have proved futile.

The banks of all classes have grown rapidly in numbers and resources and have steadily advanced in the confidence of the public. They need yet to find some means of imposing a more careful restraint upon the expansion of credit, and to devise a method of uniting all the banks for mutual support of the credit structure in times of extraordinary strain. Thoughtful attention is being given to these and other banking problems by bankers, economists and statesmen, with favorable prospects of speedy results.

ATTITUDE OF GOVERNMENT TOWARD BUSINESS

FOR some time this MAGAZINE has given particular attention to the discussion of the present attitude of the State and Federal governments toward business enterprise, because, in our judgment, there is no other matter of such immediate importance to the prosperity of the people.

While the existing anti-business crusade was directed in the first instance against the great combinations known as trusts, it bids fair to spread until it embraces practically every enterprise that has been at all successful and every man who has accumulated a competence, however legitimately.

Not only is there growing up a legislative craze for obstructing legitimate business undertakings, but this peculiar

mental attitude is spreading to individuals. Many men who were once eager to undertake honorable and safe enterprise of any sort, that promised a fair return, now look askance at every business undertaking, however conservative, and if it affords a fair chance of profit they seem to think that this alone must render it undesirable, for has not the State deliberately adopted a policy placing a heavy penalty upon business prosperity and success?

This attitude of mind may not be altogether reasonable, and it probably goes beyond what the facts warrant. Yet it is hardly more than a natural deduction from the present governmental policy toward commerce and industry.

No cant is more common and none more despicable than that which inveighs against the upbuilding of wealth as a crime. The destruction of a fool may sometimes be hastened by the possession of riches, but there is little or no evidence that any nation ever perished because of too much wealth. Poverty has been the curse of mankind through all human history, and much of the progress of modern civilization has been made possible by increased wealth—nay, that progress consists to a great extent of that increase of wealth in itself.

We descant on the evils of wealth, but we mean always that these evils beset others and never ourselves. Inveigh as we may against wealth, we cling none the less tenaciously to that which we have.

Who would say that the poorer countries—India, China, Turkey and Spain—are better off than America, Great Britain, Germany and France?

If the State and Federal governments of this country would give one-half as much attention to the abolition of poverty as they bestow upon schemes for punishing those who have acquired wealth, the prosperity now common to

the masses might be made well-nigh universal.

It can not be said too often that the curse of modern society is not prosperity but adversity; not wealth but poverty. And toward the upbuilding of wealth and the abolition of poverty every effort, both of governments and of individuals, should be eternally and inflexibly bent.

SHALL WE RETURN TO FREE COMPETITIVE CONDITIONS?

AFTER reading President TAFT's recent speeches attentively, we can see in them no hope for a cessation of governmental warfare against business. The President can hardly be criticised for the course he has taken. As an executive he is bound to enforce the law. That he has acted from the highest motives, we think no one can doubt. Nor must it be denied that the example given of the power of the Federal Government to enforce laws, even against the most powerful combinations of capital, is of great value. It shows conclusively that the people have in their own hands the means of remedying abuses, and that the trusts can be compelled to submit to regulation and control.

We have no special leanings toward aggregations of capital. If the country has soberly made up its mind to end them, to go back to the free competitive conditions of a quarter of a century ago, well and good. But has that decision really been reached after a full and patient consideration of all the factors involved? Are these combinations of capital, in their aggregate results, beneficial or harmful to the community? Who, in the light of all the facts, can give a conclusive answer to this question? And if admitted that numerous evils have sprung from the combinations of capital, are these evils

greater than those incident to the free competitive system? And to remedy the evils thus developed, must the combinations themselves be destroyed, or can the evils be cured by regulating and controlling the trusts?

We do not pretend to answer these questions. But a right answer to them is of the very gravest importance to the business community. And we believe this answer can not be found until a thorough, unprejudiced examination of the whole matter is made by those competent to determine upon the true policy.

THE BANKERS' CONVENTION

THE convention of the American Bankers' Association, to assemble in New Orleans this month, will be in many respects one of the most important gatherings of that body held in recent years. No doubt the reports will show that the membership of the association is now greater than ever before.

An important feature of the coming convention will be the discussion in regard to the proposed National Reserve Association. From expressions of opinion appearing elsewhere in this number of the MAGAZINE it seems apparent that the bankers generally will be in favor of the proposed association, but some amendments are likely to be offered to the plan originally put forth by Mr. ALDRICH. Owing to the complexity of the subject and the comparatively brief time the convention will have for its consideration, the proposal cannot be gone over so thoroughly as might be desired.

One must regret that the papers and addresses relating to currency and banking delivered before the American Bankers' Association and the State bankers' associations from time to time should be limited in their circulation to

bankers. While in the first stage of the currency reform movement bankers themselves were in need of information, it now seems that they are pretty well convinced of the desirability of the changes that must be made to render our banking and currency system a more efficient instrument of commerce and industry. But the general voter, who is after all the one to determine the matter, lacks this information, and it may be a question whether we shall ever make much real progress towards banking and currency reform until a general knowledge of the whole matter has been widely disseminated. The daily newspapers have never paid much attention to the doings of the bankers' conventions, apparently considering the programmes rather prosy and uninteresting.

While the conventions undoubtedly do lack those sensational features which are supposed to be necessary to delight the present public taste, they are nevertheless of immense importance to the general prosperity of the country.

It has always seemed to us that the American Bankers' Association could do no more effective work and nothing that would more completely justify the expenditures it makes than by circulating sound banking and currency information among the people. The association has ready at hand, in its individual members, the very best form of machinery for distributing literature of this kind.

If during the last ten years the members of the association had distributed among their depositors the leading addresses and papers delivered before the conventions, there would at this time probably be such a demand for the soundest kind of banking and currency legislation that Congress would be compelled to heed it.

The Currency Commission of the American Bankers' Association has unquestionably done much good work, but

its labors seem to have been confined largely to missionary effort among members of Congress or the National Monetary Commission. These labors seem to have borne fruit so far as regards the Monetary Commission, which will no doubt bring forth a bill at the approaching session of Congress that will fairly meet the demands of the friends of better banking and currency legislation and should receive respectful attention from Congress. But whatever bill may be brought forth by the National Monetary Commission will no doubt be subject to serious attacks, which can only be repelled by having imbedded in the minds of the voters a thorough knowledge of the principles of a sound banking and currency system. This knowledge could have been implanted long ago had the American Bankers' Association confined itself somewhat less narrowly to the minor details of banking and had taken a broader view of matters which after all are of vital concern to the prosperity of the banks.

If, however, the American Bankers' Association shall come unanimously to the support of the Reserve Association plan it will no doubt give the latter such an impetus as to insure its successful progress through Congress.

WHAT THE RESERVE ASSOCIATION REALLY MEANS

BEFORE giving their approval to the proposed National Reserve Association the bankers of the country ought carefully to examine the plan in detail and understand exactly what changes it will introduce into the banking business of the country.

In the first place, the Reserve Association, though called by another name, is a central bank pure and simple. Practically the only limitation imposed on its functions as a bank is that the

business to be transacted will not include that of individuals and ordinary firms and corporations, but its transactions will be limited to dealings with the Government and with other banks. If the bankers of the country have really made up their minds that they favor a central banking institution, probably the National Reserve Association affords as good a form of organization for such a bank as could well be devised.

It will be seen that it is the aim of the Reserve Association plan to deprive all other banks of the function of issuing notes. While much may be said in favor of confining the note-issuing privilege to a limited number of banks, say those in the central reserve and reserve cities, it is less clear that it is either desirable or necessary to have but a single bank of issue.

Upon the propriety of limiting the note-issuing function to a single institution we shall quote the following, from the London "Bankers' Magazine" for September, 1911, and probably written by Sir R. H. INGLIS PALGRAVE, a distinguished authority on banking and political economy:

"We have no doubt whatever that a very great error was made by Sir ROBERT PEEL when he arranged for the suppression of the issue of the notes of the English banks through the Act of 1844; this was one of the great errors in that Act; the other was the division of the work of the Bank of England into the two department of issue and of banking. Both these errors arose from the incorrect method in which the note issue was regarded by Sir ROBERT PEEL and the financial authorities with whom he worked at that time. Both errors have been injurious to the banking and economic position of the country."

We are entirely familiar with the limitations upon the advantages of the issue of bank notes, but nevertheless we believe that the right to issue notes is

still a valuable banking privilege and one not to be given up without careful consideration.

We also believe that the best judges as to the necessity of issuing bank notes are the bankers in each community. The Reserve Association plan assumes that the necessity for issuing bank notes in any given case may better be determined by a board at Washington than by the banker in any particular locality.

We have never seen any good reason why all of the banks in the country could not, under proper regulations, be safely entrusted with the right to issue their circulating notes based on the general credit of the issuing bank. It seems to us that this question as well as the matter of collecting country checks would have been rightly settled years ago had not the bankers been too lazy to work out a proper system of redemption. The redemption agency like that used by the Boston Clearing-House in redeeming New England checks, if extended throughout the country and applied to bank notes, would have come very near to solving the whole bank-note problem, for there is really not much in it except the working out of a proper system of redemption.

The Clearing-House Section of the American Bankers' Association has had an opportunity of solving the note redemption problem and the country check redemption problem for many years, but it has frittered away its opportunity.

If the individual banks are not to be given the right to issue credit notes under proper restrictions, it seems to us that it would be much wiser, if this function is to be limited at all, that it should have been at least limited to the reserve and central reserve cities. The country banks then that wished to use circulating notes, even if they could not have issued them themselves, might

have applied to their reserve agents and with every prospect that their application would be duly regarded. Under the Reserve Association plan a country bank can only get notes from the Reserve Association through the favor of the nine gentlemen at Washington who will control the institution. We doubt very much if these gentlemen, however eminent and respectable they may be, can possibly know better than the local bank whether notes should be issued or whether they really will know as much about the value of the securities offered as the local bank itself. Much the same objections will apply to rediscounting through the Reserve Association. Had the reserve banks been properly equipped to fulfill their functions, they could, in our opinion, have supplied the demand for rediscounting much more effectively than a central bank.

VIEWS OF BANKERS REGARDING THE PROPOSED RESERVE ASSOCIATION

PROMINENT bankers in various parts of the country give their views in this issue of the *MAGAZINE* regarding the proposed National Reserve Association. While two or three bankers who have written us do not

approve of the plan, the weight of opinion is decidedly favorable.

Until the Monetary Commission makes its report, and a definite measure is put forth in the form of a bill, prospects of currency legislation at the approaching session of Congress can not be accurately measured. Assuming that a plan somewhat similar to the proposed Reserve Association shall be launched as an Administration measure, it must be remembered that the present House is Democratic.

Hopes have been expressed that the matter could be kept out of politics. Such hopes apparently rest on the ground that banking legislation is a purely business matter, having nothing to do with politics. Perhaps so; but it is the fashion in this country to mix business and politics; and whether the fashion is a wise one or not, it is our way of doing things, and there is likely to be a very lively political contest over the central bank, or Reserve Association, plan.

No one can tell yet what the Democratic House will do with the central bank proposal, but that it will do something of a rather striking character may be expected. But whatever may be the fate of the measure, bringing it before the House will at least start public discussion, and that in itself will be no small gain.

CANADA BANK ACT OPERATIVE

THE amendment to the Canada bank act, permitting the increase of bank circulation to fifteen per cent. of the combined paid-up capital and reserve, became effective on October 3, and will result in an increase of bank notes amounting to about \$27,000,000. Most of the big Canadian banks will immediately take advantage of the law, as there has been a shortage of notes for some time, due to the unusual

demands of the West for crop movements. The banks reached their limit of circulation last week. The law is intended to relieve such conditions, but the extra circulation must be withdrawn by January 31. At the next session of Parliament an attempt will be made by the banks to get authority to make the present provision for increased circulation permanent.

The Bankers Magazine

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The Banking Publicity Department of **THE BANKERS MAGAZINE** is undoubtedly one of the most practical helps to be found anywhere for the banker who wants to make his business grow.

But while advertising is one of the chief sources of new business, it is by no means the only one.

The advantages of a bank to any business community must be brought home to the people by personal contact, and the most effective way of doing this will be found in the suggestions presented in **THE BANKERS MAGAZINE** by bank officers, bank accountants, bank examiners, and bank solicitors, whose experiences have made them practically familiar with business-getting problems.

TAKING CARE OF THE BUSINESS

That exceptional care and skill are required in the banking business goes without saying. Here nothing can take the place of experience. But the prudent banker will not refuse to reinforce his own experience by that of others, and to buttress his judgment by a thorough knowledge of general conditions.

For the banker who wishes to be thoroughly informed, **THE BANKERS MAGAZINE** will be found a veritable mine of information, embracing all subjects affecting the banking business directly or remotely—from the broadest world-wide influences to the minutest details of bank management.

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An enumeration of the departments regularly maintained in **THE BANKERS MAGAZINE** will, perhaps, give a better idea of its real serviceableness to the bankers of the country:

1. Editorial Comment—The conditions affecting general business, together with all matters of direct interest to bankers, are thoroughly and carefully reviewed each month. Impartial expert criticism of new or proposed banking and currency legislation constitutes an important feature of this department.

2. Trust Company Department—A careful survey of all important developments relating to trust companies, the department being conducted by a practical man connected with one of the most successful trust companies in the country.

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ful to bankers for its expert treatment of the factors governing the worth of securities.

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Besides the regular departments above mentioned, **THE BANKERS MAGAZINE** contains many special articles relating to money, banking and economics, the whole constituting a fund of indispensable information to the banker who wants to be well posted and to conduct his business with the greatest safety and profit.

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THE PROPOSED NATIONAL RESERVE ASSOCIATION

WHAT LEADING BANKERS THINK OF IT

Upon request of the editor of **THE BANKERS MAGAZINE** some of the well-known bankers of the country have contributed to this number a brief discussion of the proposed National Reserve Association. Here is what they have to say:

By James B. Forgan, President First National Bank of Chicago

REFERRING to the massing of the legal reserves of the banks in the National Reserve Association, Mr. Forgan had this to say in his Minneapolis address:

This feature of the proposed plan appeals to me with especial force. A large part of my banking experience has been under the branch banking system. I have been deeply impressed with the fact that bank panics, or panics in the minds of the public in regard to their banks, are unknown in countries where the branch banking system exists.

This has led me to investigate the cause of panics under our system. I have been forced to the conclusion that one of the principal causes is the requirement that our banks must maintain a legally fixed percentage of lawful money against their deposit liabilities. This amount of lawful money held by each individual bank becomes erroneously fixed in the public mind as the measure of its ability to liquidate its deposits. For example, a bank with \$100,000 deposits is required by law to keep on hand \$6,000 in lawful money. Its depositors measuring its ability to pay its deposits by this small percentage of available money to its total liabilities, whenever anything occurs foreshadowing financial trouble, local or general, naturally take alarm and promptly decide that they will be among those who can get their money out of the six per cent. cash on hand while it lasts.

No such thought disturbs the mind of a community whose banking facilities are supplied by a branch of a bank with large cash reserves at its head office. The thought of the local customers of a branch bank is not directed to the amount of lawful money it may carry in its vault. From time to time they see the statements showing the condition of the central bank, of which the local bank is a branch, and they realize that within twenty-four hours there could be shipped from the large cash reserves it carries sufficient money to pay all the deposits at the branch. They are only concerned in having the branch keep on hand sufficient acceptable circulating medium for the payment of their checks as they are presented. This the branch bank does by carrying a sufficient supply of the parent bank's notes for the purpose. It requires only such lawful money in small denominations as is needed by its customers for small change.

Under the proposed plan the minds of the local depositors in our individual banks will be diverted from the small lawful cash reserve they carry to the fact that they are connected with the National Reserve Association which maintains and controls for them their lawful money reserves and stands ready to supply them with its acceptable circulation against balances at their credit with it, which balances can be maintained by rediscounting their short-date paper when necessary. The public will realize that the banks have in the Na-

tional Reserve Association a source on which they can rely for the supply of currency and for the conversion of their liquid assets into such currency when they need it. The plan suggested will therefore afford our banks the principal advantages of the branch banking system without surrendering their individuality of ownership, their interest in local affairs, or the control of their local business, all of which they have through their local boards of directors and officers appointed by them. In this respect our new system will be superior to the branch banking system, for one of the principal objections to the branch banking system is that the bank directors sit at the head central office and appoint strangers having no direct interest in or connection with the local interests of the communities in which they do business.

The massing in the National Reserve Association of the legal reserve money of all the banks will correct another erroneous impression now entertained by the public. New York being the financial center of the country, the figures of the weekly statements of the New York Clearing-House banks have erroneously come to be regarded by the public as an index of conditions in the country as a whole. Not only is this so, but in foreign countries the banking power and strength of our entire country is erroneously measured by the

partial and incomplete figures published weekly by the New York Clearing-House banks. These figures have been partial and incomplete, even as they have indicated the banking power and strength of the metropolis of the country. Recently the New York Clearing House has expanded its rules so as to admit the trust companies to membership, and hereafter the figures of the trust companies that become members will be included in the weekly statements of the New York Clearing-House banks. To this extent the figures of these statements will be corrected and will form a better index of conditions at the financial center of the country, but they will not even approximately reflect the actual condition of the banks of the country in regard to their cash reserves against their total liabilities, which alone would be a true index of country-wide conditions.

When, however, the National Reserve Association assumes the custody and control of the cash reserves of the banks of the country, its weekly statements will form a reliable index of the country's financial condition. Moreover, the National Reserve Association will be in a position to influence and regulate, if not to control, the country's financial condition as it changes from time to time in response to changing commercial conditions.

By Henry W. Yates, President Nebraska National Bank, Omaha

ANY close examination and analysis of the proposed banking law, known as the Aldrich Reserve Association Plan, will show to any one that in the endeavor to forestall the opposition which a large portion of the American people will have to the establishment of a great centralized bank, the powers of the proposed Reserve Bank have been so abridged, that the wonder will grow as to what public purpose it will serve and what it will do when it gets into operation.

If the Reserve Bank with its \$300,-

000,000 of capital and forty-five directors with fifteen branches having each at least thirty directors, together with a full corps of governors, deputy governors, managers, deputy managers and other employees, can do no more business than is prescribed for it in this bill, it would hold a ridiculous and absurd position in the financial world.

That this statement is not overdrawn is clearly seen by reference to those clauses in the bill which define the scope of the bank's operations.

First: It can receive no deposits ex-

cept from banks owning its stock and the United States. Upon these deposits no interest can be paid.

Second: It can make no loans or discounts except upon paper received from banks maintaining with it a deposit account, and this paper must be endorsed by the banks from whom it is received.

It is prohibited from making any direct loans even to a depositor bank, no matter how strongly the paper may be secured by collateral security unless the same is endorsed by the local association of which the borrowing bank is a member.

This endorsement cannot be obtained in ordinary times. The local associations are not to do any regular business. They may be composed of banks widely separated, and as commentators upon the scheme in published pamphlets state, it is not the intent of the law that they shall always be in active operation, but they are to be used only in emergencies which have been infrequent in the past and may never occur again.

The only discount business the Reserve Bank may do is limited to commercial paper received from banks running not longer than twenty-eight days or upon acceptances of banks or houses of unquestioned financial responsibility running not longer than ninety days. In all cases the paper must be endorsed by the depositor bank offering it. In order to stimulate dealings in bills of exchange the questionable power to accept drafts is given to all banks. This is something that seems entirely foreign to their business, as they do not handle commodities and it has never been countenanced in the United States as a banking prerogative.

The main purport of the measure seems to be based upon the theory that the borrowing of money by banks has demonstrated the chief weakness of our financial system, and that this will be removed by providing for them a larger field in which they may borrow.

But this theory is wrong; the banks of the United States are not as a rule borrowers. On the contrary, it has with them always been considered some-

what discreditable to show "rediscounts" or "bills payable" in their published statements.

The rediscounts shown by the Comptroller's reports will not for ordinary years average ten million dollars. In times of panic or extreme money stringency, the amount of course is larger, but if 1907 can be called a panic year, the maximum then shown was twenty millions. Bills payable would increase these figures, but both together would not show a sufficient volume upon which to base a large business.

There has never been a demand for money from banks in ordinary years which has not been easily supplied by their correspondents in the larger cities. This class of loans is considered most desirable, and the city banks would not willingly give them up.

If the borrowing of banks therefore is to be the only discount business of the Reserve Bank it can be easily seen how slim its transactions would be for ordinary times.

Nearly all that the proposed law gives the Reserve Bank to do could just as easily be done in the Treasury Department, through the use of a portion of the cash reserves of banks if concentrated there. The existing Aldrich-Vreeland Law would supply for panic times the same service given by this act to the local associations.

The realization of the facts stated will justify the impression that the proposed law is offered only as a first move in the direction of a great United States Bank on the foreign plan, and that after it goes into effect a demand will at once be made upon reasonable grounds for larger powers and a wider sphere of business activity.

This would be a dangerous menace to our existing independent banks, and in fact it is difficult to view the proposition in any other light than that of a great money trust, practically owned and operated by those to whom incidentally would be given the control of the organization.

If this is the real purpose back of the bill, it should be amended now to cover the case so that Congress and the

country at large may be given the opportunity of considering it upon its merits.

The writer has for years opposed all schemes for the issue of an unsecured bank-note currency and in a number of papers has given his reasons for this opposition.

The brevity of this paper prohibits any further reference to this feature of the proposed law, except to say that the proposition it contains to replace our present bond-secured bank notes with the notes of the Reserve Bank, would be an abandonment by the Government of a valuable source of national revenue, and the transfer of the same to a private corporation.

What this may amount to is plainly seen in the result of the recent sub-

scriptions for the Panama three per cent. bonds. The premium these bonds have secured exceeds very slightly the current premium on the existing two per cent. bonds which may be used for circulation.

The increased charge upon our national finances by reason of the issue of these three per cent. bonds without the circulation privilege will be \$500,000 per annum for fifty years.

This charge extended to the full volume of bonds now pledged for circulation (\$700,000,000) will mean the large additional annual charge of \$7,000,000, which must be obtained by taxation and represents the minimum price the country is asked to pay in order to obtain the blessings of a so-called elastic circulation.

**By Elliott C. McDougal, President Bank of Buffalo,
Buffalo, N. Y.**

FOR an intelligent discussion of the Aldrich plan, there is necessary, first, a clear conception of its skeleton; after this is thoroughly understood and thoroughly memorized, we can then discuss intelligently the body with which the skeleton is to be clothed, and all its various functions.

The skeleton of the Aldrich plan is this:—A central Reserve Association will be located in the City of Washington, with fifteen branches. The entire United States will be divided into fifteen districts. In each of these districts, at its principal reserve center, will be located one of these branches. Each one of the fifteen districts will be sub-divided into as many sub-districts as may be necessary. Each sub-district will contain one local association. Each local association must have at least ten banks with a combined capital and surplus of at least \$5,000,000. It may have as many directors as its own by-laws prescribe. The local associations in each district and their duly authorized representatives will elect all but one of the directors of the branch of the Reserve Association located in that district. Each branch will have a

number of elected directors equal to twice the number of local associations in that district. The central office of the Reserve Association will have forty-five directors. With the exception of those who are to be directors ex officio, a Governor, two Deputy Governors, the Secretary of the Treasury of the United States, the Secretary of Commerce and Labor of the United States and the Comptroller of the Currency of the United States, its directors are to be elected by the branches or by their duly authorized representatives. The Governor and the two Deputy Governors are to be appointed by the President of the United States from a list submitted by the board of directors. The managers of the branches are to be appointed by the Governor, subject to the approval of the executive committee of the central office. With the exception of committees, minor officers and details, this covers the organization.

The beauty of this organization is that it is from the bottom up. The individual banks first elect directors of local associations; local associations then elect directors of branches;

branches then elect thirty-nine out of the forty-five directors of the central office.

In this short article it is impossible to deal with more than one very important part of the plan. Take the State of Ohio. That State has a number of prosperous cities. Each city has a number of prosperous banks. In each of the larger cities is a clearing house to which the most important banks belong. In cities like Cleveland and Cincinnati a number of the banks are very large and very strong, but no matter how large and how strong individual banks may be, in times of panic, they pool their cash resources in the clearing house. There are few depositors so ignorant as not to know that, while individual banks standing alone may go down, the clearing house will not, neither will any solvent bank to which it extends assistance. With regard to these particular functions, our clearing houses and the local associations provided for by the Aldrich plan are practically the same. Now, suppose that all of the clearing houses in Ohio join together in the formation of one central clearing house for the State, at the command of which central clearing house would be the resources of all. It is very easy to see that, strong as are the individual clearing houses, this central clearing house would be still stronger. In many ways this central clearing house for the State of Ohio represents one of the proposed branches of the Reserve Association. The two are not so nearly identical as are clearing houses and the proposed local associations, but for the purpose of concentrating reserves and of rendering assistance where most needed are practically the same.

A branch of the Reserve Association would have other functions which a central clearing house would not have and which not only would not interfere with the ability of a branch to render assistance, but would increase its ability to do so. Now, suppose that not only the State of Ohio but all of the States of the Union had each a central clearing house; then suppose all of

these central clearing houses joined to form a national clearing house in New York or Chicago and that the national clearing house had command of the resources of all, and that, because of the method by which the directors and managers of the State central clearing houses and of the national central clearing house were selected, the individual banks and clearing houses of the different States of this country really controlled the national clearing house. Such an arrangement would represent one most important part of the Aldrich plan.

Contrary to general conception, the main function of banks is to deal in credit and not in money. Should the banks to-day be compelled to conduct all their operations on an actual money basis, the business of this country would be paralyzed. They could better arrange to get along without actual money by providing some substitute for it for circulation than they and their customers could get along without credit. The Aldrich plan recognizes this principle.

Banks are not producers. They bear the same relation to the general public that the office force of a large factory does to the factory organization. Properly handled, the more workmen a factory employs the greater its production and the greater its profit. The more bookkeepers a factory employs, as compared with the stated volume of production, the less its profit. A purely bookkeeping force is a tax on the producing power of any business. So it is with banks. The less expensive banking machinery can be made, the less the tax on business. The Aldrich plan recognizes this principle.

Every dollar of unnecessary hoarded reserve is an unnecessary tax on business in good times, and the cause of panic and stringency in bad times. I do not hesitate to state that in the panic of 1907, when cash was almost unobtainable, there was, in the vaults of banks in this country, at least twice as much cash as would have been needed under the Reserve Association system as provided for in the Aldrich

plan. The half not needed, if put in circulation, would have saved the business men of the United States many millions of dollars. Unnecessary monetary panics and unnecessary aggrava-

tion of commercial panics by our imperfect monetary and banking systems have cost the business men of the United States a sum largely exceeding the total of our national debt.

**By Hon. R. G. Rhett, President People's National Bank,
Charleston, S. C.**

THE Reserve Association of America, as proposed by Senator Aldrich, purposes to concentrate about one-half of the lawful money reserves of the national banks, and to bank upon them again. It also purposes to take over the national bank-note issue based upon Government bonds, to supplement it with a credit-note issue of its own to an unlimited amount, and to monopolize such issue.

It is of the utmost importance that every feature of such a proposition should be thoroughly understood, and the reasonable possibilities which might result from the adoption of it be carefully considered. A few of these possibilities may interest the public at this time.

A CENTRAL RESERVE NATIONAL BANK.

The proposed association is nothing more nor less than a Central Reserve National Bank. It is the final step in the concentration of reserves. The so-called "Country Banks," of which there are some 6,850 in number, with an aggregate capital of \$590,000,000, are required to keep a reserve of fifteen per cent. of their deposits; but only two-

which there are some 385 in number, with an aggregate capital of \$245,000,000, and located in these forty-six reserve cities, are required to keep a reserve of twenty-five per cent. of their deposits; but only one-half of this must be in the shape of "lawful money." The remainder is largely accumulated in three central reserve cities in the form of deposits with the banks there. The "Central Reserve Banks," of which there are some sixty, with an aggregate capital of \$185,000,000, and located in these three central reserve cities, are required to keep a reserve of twenty-five per cent. of their deposits, and all of it must be in lawful money.

Now, the proposition is that a Central Reserve Bank, called "the Reserve Association of America," shall be organized with one principal office in Washington, and fifteen branches in various parts of the country. In to this bank so much of the lawful money reserve as the banks, which take stock in the association, may find it practicable to dispense with, is to be accumulated and banked upon again.

The present "lawful money reserve" held by the banks of the country is approximately as follows:

	Deposits	Lawful Money Reserve	Per Cent.
National banks	\$5,500,000,000	\$940,000,000	17.3
State and private banks and trust companies	5,900,000,000	380,000,000	6.5
Savings banks	4,100,000,000	40,000,000	1.
Total	\$15,500,000,000	\$1,360,000,000	8.8

fifths of this is required to be in the form of "lawful money." The balance may be, and to a large extent is, concentrated in forty-six reserve cities, and in three central reserve cities in the form of deposits with the banks of these cities. The "Reserve Banks," of

The plan of Senator Aldrich purposes to abolish the requirements as to the "lawful money" reserves, which must be held by national banks. Deposits in the Reserve Association are to count as lawful money reserve, and each individual bank is to determine how much

cash it shall keep on hand. The average now kept by State banks and Trust companies will give an index of what this is likely to be; i. e., about six per cent.

Assuming then that out of the seventeen per cent. now held in lawful money reserves eleven per cent. is deposited with the Reserve Association, and that the provision which does not allow the association to receive interest on deposits will prevent any disturbance of the present deposit reserves carried in reserve banks, which draw two per cent., the aggregate deposits of the association would be about as follows:

U. S. Gov. deposits (say 4-5) ..	\$40,000,000
National bank deposits (11%) ..	605,000,000
Total	\$645,000,000

Now, it is proposed to bank on this again, keeping such an amount of it in reserve as the association shall in its discretion determine. It is provided, however, that a reserve of thirty-three and one-third per cent. in gold shall be held against all currency notes issued on its credit, and unsupported by a specific deposit of bonds. It may therefore be assumed that a reserve of thirty-three and one-third per cent. is expected to be held against deposits also and that the remaining \$430,000,000 would at once be loaned out. If loaned abroad, it would result in the shipment of that amount of gold out of the country. If loaned here, it would pile up further credit obligations to the amount of more than a billion of dollars on the same lawful money reserve as we have now.

IS FURTHER CONCENTRATION OF RESERVES DESIRABLE?

Have our monetary disturbances been caused by too much or too little concentration of reserves? Our central reserve banks have found by experience that a reserve of twenty-five per cent. was entirely too small for their protection, and those in New York have been carrying about thirty per cent. of their deposits in call loans against exchange listed collateral, as a supplemental re-

serve to that carried in lawful money; just as the country banks and the reserve banks carry nine per cent. and twelve and one-half per cent. respectively on deposit with their reserve agents. It is maintained by eminent students of this question that the principal cause of our last panic was the concentration of our reserves in money centers, inducing the banks holding them to make too many such loans, which could not be realized upon when the crisis came. If that claim is well founded, the present plan is simply piling Ossa on Pelion, and making conditions infinitely worse.

But we are reminded that this association is empowered to issue currency against balances *indefinitely*, and no depositor need fear that it may not be able to convert its balances into bank notes. Might there not be a demand for the conversion of these bank notes into gold? If it should arise, could it be checked or met; and if not, what would be the consequences?

BENEFITS TO THE EXISTING BANKS.

"The authorized capital of the Reserve Association shall be approximately \$800,000,000"—an imposing sum, if realized! But the actual paid-up capital is confined to ten per cent. of the capital stocks of those national banks which shall subscribe thereto. The aggregate of the capital stocks of all national banks is, in round numbers, \$1,000,000,000, divided as follows:

Central reserve banks	\$180,000,000
Reserve banks	240,000,000
Country banks	580,000,000
Total	\$1,000,000,000

The maximum paid-up capital possible would therefore be \$100,000,000. What would, in fact, be the actual paid-up capital?

It is possible that even some of the *central reserve banks*, for whose especial benefit the Reserve Association has been devised, may not care to burden themselves with the obligations which are required of a stockholder in that association.

The net benefits that would accrue to the *reserve banks* are less obvious. They may or may not be sufficient to induce the majority of them to tie themselves irrevocably to it.

It is difficult to figure out any real benefit which the *country banks* would realize, and it is exceedingly doubtful whether many of them would become stockholders. Possibly it may not be intended that they should do so. There is no provision whereby a bank may withdraw from the association, except upon liquidation. How many banks are going to invest ten per cent. of their capital in a stock which can never pay more than five per cent., and which they can never sell nor realize upon; to render themselves liable to a call of ten per cent. more of their stock at any time, and to entangle themselves, without the possibility of extrication, with an unknown number of other banks in mutual guarantees upon terms in which they may have no practical voice; and all for a privilege they may never need and may find of no value to them?

It is hardly possible for any bank to operate with any comfort or safety with much less than six per cent. cash reserves, so that a country bank could only keep a deposit with the association by dividing the reserve it now keeps with its reserve agents, drawing two per cent. interest. This deposit not only draws interest, but by custom it establishes an obligation on the part of such reserve agent to rediscount for the depositor to the amount of four or five times the deposit. Even during the past panic, these reserve agents responded to this obligation, though they were generally unable to transmit currency for the balances they held. Could country banks that are accustomed to borrow jeopardize their present facilities for an uncertain accommodation, which might or might not be granted, and which, when due, must be paid?

MANAGEMENT OF THE RESERVE ASSOCIATION.

The management of the association is lodged primarily in a board of forty-

five directors, selected with the apparent purpose of giving a widespread representation; but no one who considers the matter seriously can entertain any doubt as to where the control will rest. The actual power is placed in an executive committee of nine, five of whom are elected by the board, three appointed by the President *from a list submitted to him by the board*, and the ninth is the Comptroller of the Currency. The governor and two deputies constitute the three whom the President appoints *from the list submitted by the board*. Here lies the foundation for a struggle between the financial interests in control of the board and of the executive committee and the President, whenever he is not entirely in accord with these interests. The association will control over a half billion of deposits, and the issuance of many hundred millions of currency. It would wield an enormous power. Would or would not its management become the bone of contention in every political struggle and the business world be kept in perpetual turmoil and unrest?

THE ISSUE OF CURRENCY.

The privilege of issuing bank-note currency is conferred upon the association, and it is made exclusive in so far as the future is concerned.

The association is given power to issue its own notes, unsecured save by an agreement to hold thirty-three and one-third per cent. of its issue in gold, and a provision that the notes shall constitute a first lien upon its assets. But there is also a provision as follows:

"The Reserve Association shall at once, upon application and without charge for transportation, forward its circulating notes to any depositing bank against its balance."

The only depositors are "depositing banks" and the United States Government. Should apprehension arise, every bank would, of course, convert its credit balance into circulating notes, which, it is provided, "are to constitute a first lien upon all the assets of the reserve association." This would leave the

United States Government,—the only depositor not entitled to this conversion of deposits into notes—to carry the bag.

There are some interesting provisions with reference to bond-secured currency, as follows: "National banks may, if they choose, maintain their present note issue, but whenever a bank retires the whole or any part of its existing issue, it will permanently surrender its right to reissue the notes so retired." "The Reserve Association must for a period of one year offer to purchase at a price (not less than par and accrued interest) the two per cent. bonds now held by national banks and deposited to secure their circulating notes. The Reserve Association shall take over these bonds with the existing currency privilege attached," etc.

What is to become of the market for the two per cent. bonds after the first year? No bank can use them for currency purposes, and who would purchase? Let us suppose that \$500,000,000 of these bonds have been sold by the banks to the association and currency issued by it against these bonds. Let us suppose that for any reason these bonds should decline to ninety, would not its capital be wiped entirely out? What would happen if the decline reached eighty?

The country has been clamoring for an elastic currency that will expand and contract where and when needed, whether for crop gathering in the agricultural districts or panics in the money centers. It may be that this currency would have an elasticity satisfactory to the money centers, if the panic did not extend from the value of the bank deposits to the value of the currency (which is more than likely); but its elasticity being dependent upon a board of nine, it is beyond human possibility that the needs of every section and community will be equally and fairly treated, and that the local needs of agricultural sections will assume any adequate proportions alongside of the billion-dollar corporations and their securities in the money centers.

Do the American people want a cur-

rency the quantity and price of which shall be controlled by a committee of nine individuals?

ENLARGED POWERS OF NATIONAL BANKS.

(1) They are permitted to establish branches, but only in the city where the parent bank is located.

(2) They may accept bills of exchange "arising out of commercial transactions," with not more than ninety days to run, to an amount "not exceeding one-half the capital and surplus of the accepting bank."

(3) They may hold stock in banks authorized to do business in foreign countries and in the Reserve Association.

(4) They may carry any portion of their reserves, cash or otherwise, with the Reserve Association.

(5) They may join a local association organized for the purpose of guaranteeing the paper of all members of the association, which may apply for such guarantee, and they *must* join such association if they become stockholders in the Reserve Association. The earnings of the local association shall primarily consist of the commissions which may be charged for guaranteeing such paper, and the profits or losses of such local association, after paying the expenses of its operations, are to accrue to, or be borne by, the members of the local association in proportion to their capital stocks.

The power of establishing branches in the same city with the parent bank has been claimed by many to exist under our present law, but the legal department of the Government has never acquiesced in that view. Is it desirable to begin branch banking?

Bills of exchange are little known in this country. Our business is not done in a manner which calls for their use. If they could have been used to advantage, State banks or Trust companies would long since have adopted them, and encouraged their use by their customers.

The local association, as proposed, is

an experiment. Whether it would prove a successful one or not is questionable. The obligation to become a member of such association, if a bank becomes a stockholder of the Reserve Association, may well cause many to hold off until the experiment is tested.

A bank to become a stockholder in the Reserve Association must subscribe twenty per cent. of its capital stock, of which one-half must be paid in. The other half is subject to call. It is presumed that this is an emergency provision. Yet, how many banks would be able to respond to such a call in a panic? How are they to be forced to do so? The liability, however, is not a comfortable one.

The liability assumed by the local association in guaranteeing the paper of all of its members, which may apply for it, may also assume an uncomfortable form. Houses whose paper has been guaranteed and rediscounted may find it impossible to respond to the calls upon them. Some banks in the

local association may find themselves in similar positions. The failure of both to meet these obligations would necessitate a call upon the other banks in the local association to do so. A bank which becomes a stockholder in the Reserve Association might find itself so entangled with calls to protect the obligations of other banks in the local association at the very time when it would need all of its resources to meet the demands of its depositors, and to protect the rediscounts of its own customers that it might be pulled down and go to the wall, although solvent and able to take care of itself, if it were not for these entanglements.

It may be that reserve associations could be organized in each central reserve city and constitute effective instruments in solving our financial problems, but is there a reasonable possibility that one central reserve association, with the powers conferred upon it in the plan of Senator Aldrich, would do so?

By Charles A. Conant, Author of "A History of Modern Banks of Issue"

IN my opinion, the plan presented by Senator Aldrich will, with some modifications of detail, cure most of the defects in our currency and banking mechanism which were disclosed by the panic of 1907. The three most conspicuous of these defects are lack of elasticity in the paper currency, lack of concentrated gold reserves, and lack of co-ordination among the banks. In the countries of Continental Europe the gold reserve is practically concentrated in the central bank, which is able by fixing the discount rate and by its influence over the exchanges to protect the reserve against foreign demands, while by its power of note issue it is able to meet domestic demands for currency. Panic does not occur in those countries by reason of the fear that the gold reserve will be exhausted or that an adequate supply of currency cannot be had by merchants in good credit.

The Aldrich plan meets the differences between European conditions and

our own by the system of democracy which it sets up, by which each of the existing banks is to have a share in the government of the central institution and is to retain its independence as a local fountain of commercial credit. Hardly sufficient attention has been given as yet to the importance of a sound monetary system to the business man. His stake, as well as that of his employees, is much more important in many ways than that of the banker, who usually manages to do business under unsound currency laws as well as under sound ones. To the manufacturer, the merchant or the exporter a sound monetary system is capable of affording the benefits of a steady command of credit, comparative uniformity in interest rates, separation of commercial interests from the fluctuations of the speculative market, and by these means an increase in his ability to compete on equal terms with his rivals in

foreign markets. When business men grasp these facts and make their views known to their members of Congress, there will no longer be question of the

enactment of some measure embodying the essential features of the plan submitted by Senator Aldrich to the National Monetary Commission.

By J. M. Elliott, President First National Bank, Los Angeles, Cal.

THE expectation that a National Reserve Association will be established is having a good effect in this section of the country. It is very generally endorsed by the banking fraternity in California. One of the good things that its adoption is hoped to bring about is the prevention of the severe fluctuations in the rates of interest which have obtained in the United

States for many years,—detrimental to business principally in the older settled parts of the country, but having a certain and growing effect with us of the extreme West. Too many legitimate projects are started when funds can be borrowed cheaply in the money centers, and are abandoned often with great loss when the rates are raised to prohibitory figures.

By David R. Forgan, President National City Bank, Chicago

IN my opinion, the most important subject now in the minds of the American people is the reform of our banking system by the proposed National Reserve Association. We cannot afford to continue to be known as the only great country that suffers from periodical financial panic.

There are four attributes of a good banking system, capable of preventing threatened panic, all of which our system lacks, and the systems of the leading countries of the world possess.

We have no elasticity of currency,—that is, no means of expanding the currency issue to take care of a sudden demand for more credit.

We have no means of centralizing our reserves and using them as a basis for the extension of credit wherever it is most needed. When a panic threatens in this country our reserves scatter, and the panic is thereby brought on.

We have no means of quickly converting bank assets into money, and no place where a solvent bank can go for help without loss of standing or the humiliation of asking a favor, and, lastly,

We have no centralization of the banking power of the country so closely allied to the national government as to quiet the fears of the people by the knowledge that the government itself has undertaken through a central bank-

ing institution to take care of any given situation.

All these requirements are met fully by the proposed Reserve Association. It will have the power to issue currency, secured by one-third gold, and two-thirds legitimate banking assets, and thus we will have what other countries have, namely: the power of instantaneous note issues on the principle of making a gold dollar the basis for the issue of several dollars of currency. In our present system a gold dollar never counts for more than one dollar.

It will also provide a great national reservoir for the reserves of the country instead of having them scattered in numerous small portions, incapable of being used in a concerted way. It will be an institution where other banks can rediscount their commercial paper under proper conditions, and get immediate help to take care of any ordinary demand. The Reserve Association will be able to furnish this help by issuing their own notes, and will not have to weaken their own reserves by so doing.

And lastly, by representation of three cabinet officers on the board of directors the public will feel that when the Reserve Association takes hold of a situation the government of the United States is behind it, and such a feeling will dispel panic.

The proposed association is to be or-

ganized in such a way as to make private or political control impossible, and in my opinion the proposal meets the

demands of the country in a most comprehensive manner, and ought to be enacted into law.

**By Hon. Myron T. Herrick, Former Governor of Ohio ;
Chairman of Board Society for Savings, Cleveland**

THE present national banking and currency systems came into existence as a substitute for the horrors of "wild-cat" banking. Primarily they were war measures, and as such they served their purpose well. Uneconomic and faulty as they are, they were the means of saving the national credit when it was on the verge of collapse by reason of the financial strain imposed by the Civil War. Consequently a patriotic feeling of resentment is frequently aroused by an exposure of the shortcomings of our currency and banks, and politicians have shied when the issue of reform has been forced. But in recent years it has become clear to the business man as well as to the banker that, without radical changes, the existing banking and currency systems of the country can not develop their functions to an extent sufficient to satisfy the needs of trade and prevent financial spasms. Of course, no system of banking or of currency can be devised that will do away with the recurrent periods of overtrading and depression, but it is not impossible to prevent the panic that, in this country, has almost invariably marked the transition between a period of overtrading and of depression. The unfortunate experiences of the panic of 1907 constituted an emphatic and costly object lesson to the people generally that our currency system is singularly lacking in elasticity, and that our banking system is wholly lacking in the machinery to sustain such a severe and unexpected strain.

Of all the plans that have been suggested whereby our currency system may be made responsive to the needs of business, and banking methods so improved that it will not be necessary for the banks in a crisis or in the crop-moving season to withdraw their credit in an effort to save or protect them-

selves, and thus increase the embarrassment of business, none has as much merit, or has received so great a measure of deserving approval, as that outlined by Senator Aldrich, and based upon the investigations made by the National Monetary Commission. This plan provides for all phases of the situation with logical adherence to principles proven to be sound by many years' trial abroad. The National Reserve Association suggested in this plan, as amended by the Currency Commission of the American Bankers' Association, has more merit and none of the drawbacks of a central bank, and should dispel the Wall street bogie. Such a Reserve Association would not facilitate monopoly in banking. It would not compete with existing banking institutions, but it would supplement and harmonize the activities of banks scattered all over the country. Because of the connection of the banks with the association, their resources, in a time of stress, could be made available to meet the requirements of panic conditions to a much greater extent than is now possible. By the establishment of the National Reserve Association the reserve money of the country would be concentrated where, in a crisis, it could be speedily and effectively used in the places most needed, and by its power to raise or lower discount rates the association could protect the country's stock of gold. Under this plan our illogical and inelastic currency system would be gradually replaced by bank notes whose volume would readily increase or decrease as the needs of the country required. The National Reserve Association would act as the fiscal agent of the Government, and the present costly and awkward method of handling the funds of the Government would be abandoned as easily as the railway train supplanted the stage-coach.

The plan provides for a modern discount system that would enable the merchant and the manufacturer to utilize his credit to the best advantage. The fact that the discount rate of the National Reserve Association would be uniform throughout the United States would do much toward equalizing interest and discount rates in all parts of the country.

The National Reserve Association is to have the right to buy and sell foreign exchange, and, for that purpose, it can establish agencies in foreign countries. The stability that would thus be given to the rates for foreign exchange should be to the great advantage of the importer and exporter. By a very ingenious and practical plan of organization it would be impossible for a single interest or group of interests to gain control of the association; and the money market of the United States would no longer center in the Stock Exchange.

Such, in brief, are a few of the advantages that would result from the establishment of a National Reserve Association similar to that approved by the National Monetary Commission. Every part of the plan is in harmony with sound economic and tried principles of banking. It would involve the

trying out of no specious theories of finance. It is a logical, comprehensive plan, well adapted to remedy the fatal defects in the banking system of the United States without revolutionizing the existing organizations. Not until some such plan is put into operation will it be possible for the United States to develop its resources wisely and economically, and become the power to which its natural advantages entitle it. We are now competing for the world's trade under a serious and unnecessary handicap. It is for us of this generation now to meet the issue of banking and currency reform squarely and fearlessly. We should drop all our political prejudices; we should lay aside all thought of political advantage and see to it that our banking and currency systems are at once made correct and modern in principle, capable of supplying the constantly-growing demand for better facilities, and thus place this country on an equal competitive basis with those countries that now have an advantage by reason of superior methods. Unless we do this the day is not far distant when the industry and commerce of the country will be seriously crippled by an irreparable financial calamity.

**By Hon. John W. Weeks, Vice-President First National Bank,
Boston ; Member National Monetary Commission**

THERE is general agreement among bankers and business men that changes should be made to correct at least three important conditions which exist at times, if not all the time, in our commercial and banking life.

These are the lack of elasticity in our currency to supply our needs when unusual conditions prevail; to provide such legislation that our bank reserves will be held in such places and in such manner that they will be available at all times and under all conditions; to provide some method which will bring about coöperation between banks under all circumstances and not delay such coöperation until it is forced on them by financial distress.

I believe the Aldrich plan, or its equivalent, will correct all of these conditions, and, further, that the feature of it which provides for bank accepted bills will be of inestimable value in making mobile those obligations which are now dead assets, and will also be of material value in extending our foreign trade and our importance as a financial world power. Furthermore, it seems to me that this plan is so developed that it removes the question of which it treats and its own operation from every form of political control and will prevent its being manipulated by individuals or any set of men who under other circumstances might use the

National Reserve Association for their own personal purposes. It will, in my opinion, extend the credit of every business man who deserves credit; it will give the banks a more stable value in the paper which they purchase; it will reduce the rate of interest throughout the United States, because it will broaden the credit of all those who are entitled to credit, and in doing these things it will be of direct or indirect benefit not only to the banker but to the merchant, the manufacturer, the agriculturist, the laborer, and indeed to every class of our citizens.

The advantages which I have referred to relate largely to banking reform. The paragraphs in the Aldrich plan relating to currency changes are equally important. Those who have had legislative experience in Congress know that the most difficult thing to accomplish is to change an existing law covering a practice with which the people have become familiar—a change of

which seems to be of benefit to some aggregation of capital.

This is our currency problem, but there is not to my knowledge a banker of importance, a student of this subject or an economist of note who does not believe a change should be made. The Aldrich plan points out a way to make this change which is ingenious and complete. This plan and the taking from the market Government bonds for investment by the trustees of the postal savings banks will entirely solve this trying question without doing harm to any individual or interest.

If the consideration of this subject can be kept out of politics so that it may be decided on its merits, I believe that a bill can be passed next winter which will include all of the leading features of the Aldrich plan. This action is of more importance, in my opinion, to the people of this country than tariff changes and all other important legislation now being considered.

**By A. J. Frame, President Waukesha National Bank,
Waukesha, Wis.**

WHAT is the true mission of a National Reserve Bank? There seems to be some honest, intelligent divergence of opinion on this question, which is so vital to the welfare of capital and labor alike. There seems to be an impression with some good men that such a bank should aid all who call in normal as well as abnormal times. One business layman, in a recent issue of a New York financial journal, makes a strong plea for a reserve bank, to the end that his requirements may be met through rediscounts, as his bank cannot carry him for his desired needs. He admits, with widespread powers of rediscounting by banks generally, the possibility of over expansion of general credit, and frankly admits he has no remedy. He further intimates that that ought to be easy of solution by the experts. That is the crux of the whole question. The fact is, therein lies the dividing line between conservatism and bubble-blowing. I beg of this layman and all conservative bankers to care-

fully read and digest any of the great authorities on political economy before or after Adam Smith's time and he will find they all teem with abundant evidence that easy methods of over expansion of credit have repeatedly bred panics with their calamitous results of stopping the wheels of commerce and throwing labor out of employment. With over twenty thousand millions of dollars of bank assets in the United States; with excessive issues of uncovered currency now outstanding; with an optimistic spirit that almost bids defiance to conservatism, why, in normal times, should we have a reserve bank to still further aid in upbuilding our already colossal pyramid of credit? Let our independent banks stand upon their own bottom in such periods, because to undertake such a contract in our vast country would be attempting to accomplish the impossible. Our optimism would know no bounds and panic would soon result.

The child who needs to be pampered

in fair as well as foul weather never will become strong and self-sustaining.

Let, therefore, each bank stand upon its own resources in normal periods, and when a wave of adversity approaches, as it will as surely as nature is fickle in her gifts to man, and as surely as it is human to err, then if we have a special reserve bank to aid us in the day of trouble, we can smoothen the way to better days by avoiding bank cash suspensions and its concomitant evil, general paralysis of trade and commerce.

To prevent such conditions or to break the back of a panic, it is only necessary to have the people generally feel a sense of confidence that the reserve bank will furnish extra cash through rediscounts to all solvent banks, to the end that frightened depositors' demands may be promptly met and legitimate enterprises cared for in the day of trouble. The rate of interest should be above normal to the end that inflation and over expansion of credit be avoided, and normal conditions restored as soon as pressure is over. This is in a great measure the true mission of the great central banks of Europe.

EXAMPLES AFFORDED BY EUROPEAN BANKS.

Permit a word or two to possibly clarify some misconceptions of the work of some of those banks.

The Bank of England is the reserve reservoir for the great head banks of Great Britain. The six thousand and over branches rely on their parent heads and the parent head on the Bank of England. This bank is limited in its powers to lend, as it only has outstanding, approximately, ninety million dollars of uncovered currency, and all of the rest of its notes must have a gold sovereign behind every pound note outstanding. As the deposits are less than some of the joint stock banks of Britain, and its cash reserves are always large, the consequence is the total loans bear only a small percentage to the aggregate of loans of all the banks of the Kingdom.

When panic threatens, as in 1847,

'57, '66 and '91, the Bank of England without legal authority opened the flood gates of its issue department. On deposit by the banking department of ample securities, loans were made to solvent parties generously and the panics were stayed. The excess expansion was reduced to normal without unnecessary delay. As the Government never prosecutes the bank for its infraction of the law, it seems to be accepted by the people generally as a justifiable act. Apparently the Governor of the Bank of England deems the method prudent because when asked by a member of our Monetary Commission why the Government did not legalize extraordinary currency issues, he replied, in substance, that "over expansion of credit is more likely if permitted."

Some eminent political economists believe that if the Bank of England was a little less rigid in its rules material amelioration of panic conditions might be effected. Possibly its apparent excessive conservatism, as the result of long experience, may be justifiable. Perhaps if the banks of Great Britain were under as careful regulation as those contained in our beneficent National Bank Act, and with like Government supervision, a broader conservatism might prevail and consequently troubles relieved with less rigid rules. But this is a debatable question. Evidently, over expansion of credit does not come through the Bank of England. We must not forget that the issue of acceptances with B/L or other collaterals are largely confined in Great Britain to the great discount or acceptance houses, the impression to the contrary notwithstanding. The Bank of England is too conservative to indulge in what is really a brokerage business and not legitimate banking.

The Bank of France has about one thousand millions of dollars of currency outstanding, but holds an average of over eighty per cent. of it in coin. Its notes are practically gold certificates, payable on demand. The people evidently prefer a Bank of France note to the coin. It is like our 900 millions of gold certificates outstanding. This

bank's deposits outside of government deposits are comparatively light; its loans average about \$125,000,000, which is but a small fraction of the loans of all the banks in France; therefore, in the function of deposits and loans, the bank is not a material competitor of the other banks. Its management has been so able and conservative that it discountenances over expansion of credit. Its great reserve has been its bulwark to aid home requirements at all times; it has also aided the Bank of England and the continental banks in the day of trouble. It is an ever-present help in time of serious trouble, but in normal periods it keeps the even tenor of its way with enormous reserves at all times. As brokerage is beneath its dignity, it, too, never issues acceptances.

The Imperial Bank of Germany issues about 112 millions of uncovered currency and pays five per cent. to the Government for any excess over that sum outstanding. It has many times exercised this right, and to my mind this is the ideal method, as it automatically penalizes inflation of the currency. This bank also has the right to accept time paper drawn upon it, and late reports showed eighty-nine millions of dollars of such acceptances outstanding. There are grave doubts that this right is a conservative one. The right to lend a bank's credit by accepting a customer's draft is practised more liberally in Germany than in any other progressive country. Probably over-credit expansion has resulted, as is evidenced by some great banks there borrowing of our American banks since January last millions of dollars at the high rate of six per cent. interest. Germany is considered to be in a highly prosperous condition. I firmly believe the handwriting upon the wall as evidenced by the great authorities on political economy clearly indicates the necessity for conservatism if serious trouble is to be avoided there. We can commend the method of issuing currency as tending to conservatism, but the exercise of the right to accept tends to over expansion of credit.

From this diagnosis of several systems can we not draw the general conclusion that as Great Britain, France and Germany, notwithstanding some objections, have, by the aid of their central banks, prevented cash suspensions by banks generally there for the past fifty years, that we should adopt some central reserve agency to care for us in the day of trouble, as the only link to perfect the best banking system in the world.

TRUE MISSION OF A RESERVE BANK.

To my mind, the true mission of such a reserve bank is:

1st. Not, with branches in the principal cities, to open wide the door to the function of making loans to compete with our central reserve banks, as such an attempt tends to monopoly and would be a colossal undertaking. Andrew Jackson destroyed the second United States Bank in 1836, because of serious competition by its branches with the central reserve banks in those cities. His act was justifiable.

2nd. To be our servant in the day of trouble and not our master at any time.

3rd. By holding large cash reserves so that in normal periods the independent banking system may obtain rediscounts with which to move crops, and in abnormal periods, with extraordinary note issuing powers, that our banks may obtain aid to the end that cash suspensions by banks generally with their train of evils may be avoided. All extraordinary currency issues should be so penalized by a heavy tax that it would smooth the pathway when troubles threaten and then automatically retire ready for the next emergency. To penalize currency inflation and over expansion of credit is the world's only true assurance of conservatism. Banks generally should not be permitted to accept time drafts on them. It is not legitimate, conservative banking. It is brokerage, and should be confined to houses making it a specialty. To open the door for banks generally to

lend their credit on acceptances, especially without ample collateral, spells inflation and disaster. Instead of oiling the wheels of commerce the over-buoyant spirit thus engendered would manufacture fictitious credit with the result akin to Daniel Webster's description of the evil results of a disordered currency when he said: "It wars against industry, frugality, and economy, and it fosters the evil spirit of extravagance and speculation."

I repeat, a large majority of the human family have an annual attack of

the "hard-up disease," and many have it in chronic form. Issuing fictitious currency generously or opening wide the door to the manufacture of additional credit without penalizing the infractor will not cure the malady, but will aggravate the disease. Liberal libations of conservatism are the surest preventive of panics, but for the over-buoyant our great need is to check over expansion in normal periods and penalize relief in the day of trouble. This is the whole world's acknowledged corrective method for all ills.

By Arthur Reynolds, President Des Moines National Bank, Des Moines, Iowa

FROM a comprehensive and able address, thoroughly analyzing the provisions of the proposed Reserve Association measure, delivered at the last annual convention of the Nebraska Bankers' Association, the following is taken:

A half century of restrictive legislation, both national and State, with scarcely an exception, has prevented our banks from keeping pace with the progress of other business, not only in our own, but in foreign countries.

The effort has been continuously directed towards building up and maintaining a cash system in commercial enterprises to the neglect of methods for the proper and scientific use of the commercial credit of the nation.

The proper distinction has not always been made between banking for commerce and trade and that for savings and investment. The difference is vital, and legislation which is proper and right for the safe conduct of the latter has more frequently impeded the progress of the former.

The salient features of the Aldrich plan tend toward liberality and a broader field for the usefulness of the national banks than they have heretofore enjoyed, and while the change proposed is radical, when contemplated in the light of occurrences during the past few years it could scarcely be otherwise and be effective.

REPRESENTATIVE IN CHARACTER.

It has been believed that it would not be possible to devise such a large financial institution which would not be dominated by speculative interests, and it has been feared a central institution would be controlled by politicians.

It has been argued also that it would promote inflation and that such a central institution would prove a serious competitor for existing banks.

The objection has also been raised that the plan which would finally be submitted would be one for the benefit and protection alone of the large city institutions, leaving the banks located in the intermediary, money centers and in the country dependent entirely upon the benevolence of banks located in the large cities.

The latter we have always maintained would be manifestly unfair and would defeat the economic principles involved in the subject and also the passage of such a bill.

We find instead that Mr. Aldrich and the Commission have met the most progressive thought of the day and have popularized their plan by making the proposed association so representative in character as to conform in many particulars to our present form of general government. This will be particularly noticeable in the method of choosing directors, which not only gives

due representation according to capitalized interest, but spreads the representation over all parts of our territory, giving to the various commercial and agricultural interests their proper representation.

It is recognized that the beneficial effect of such a system will be extended into every branch of business in the country, including that of banking, giving a stability and liquidity to our commercial credits and thereby placing the business of the country upon a more economical and substantial basis, enabling us to compete with foreign countries and ultimately occupy a leading place in the financial world that a country of such unbounded resources, ingenuity and energy should enjoy.

It will be noticed that in the plan it is recognized as a proper and necessary function of banking to temporarily, at least, assume liabilities in the ordinary conduct of their business, in opposition to the restrictive policy now enforced both by law and custom in this country, whereby banks are wont to resort to subterfuge rather than rediscount their paper, or borrow money, on account of the possibility of criticism from the department or by the public. I believe it perfectly proper for a bank to exercise

this function to meet the legitimate requirements of its customers and the fluctuating condition of its business.

In the authority given to the Reserve Association to buy acceptances and the power given to national banks to create such paper is one of the most important and necessary changes in our present system.

Distinction will be made between commercial and investment enterprises and the two will no longer be indiscriminately merged in one evidence of debt as is now the case with promissory notes.

CO-OPERATION.

The plan proposed would enable banks to convert commercial paper into cash at any time, operating through the ordinary channels of trade, the contraction and expansion exactly meeting commercial requirements. Business would be handled upon a more comprehensive basis, and the needs of industry, commerce and agriculture would be properly met without disturbance, and fluctuations would be so moderate as not to excite a rapid rise in interest rates or the hoarding of money, and panics would become only a memory.

**By Joseph G. Brown, President Citizens National Bank,
Raleigh, N. C.**

IN this section for years when mention has been made of anything partaking of the nature of a central bank, the average citizen has held up his hands in holy horror and prayed most devoutly, "Good Lord, deliver us." But to-day the average citizen has a clearer vision. The costly experiences through which we have passed, and the recent educational work, have developed the fact that this expanding country must have a financial system that cannot be "shaken by the wind" and that does not breed panics.

The great question of the hour is what sort of a system shall we have? Every other question pales into insignificance before this, upon which rests

the whole fabric of our commercial and industrial life.

The life-blood of a nation is its money. Through every artery it flows, and, as in the human body, so in the nation, there must be a great central power, a heart to gather this vital current and send it throughout the entire system, throbbing and pulsating with life. Any clogging causes stagnation, and stagnation means death.

The National Reserve Association is intended as this great central reservoir where the reserves of the country may be concentrated for immediate service. In devising it the Monetary Commission has wrought with wonderful wisdom and ingenuity. With expert hand

they have collected and appropriated the results of the best financial thought of the world.

A BANK OF BANKS.

The association is practically a Bank of banks, and the extension of its privileges to the State banks makes it broader and more national in its scope and spirit.

It is a well devised plan of coöperation that gives to the single bank the combined strength of all.

It furnishes practically an inexhaustible source of supply which, by its very presence and certainty, prevents the actual need, and the power to fix rates of discount assures a more uniform and better equalization of rates throughout the country.

It gives life and strength to the commercial bills of the banks' customers by making them easily convertible into cash to supply local demands, whilst the availability of bank acceptances in any market makes general and widespread its field of usefulness to financial institutions, and through these its hand of helpfulness is extended into every line of business.

The difficulties attributed to the lack of money are due rather to the lack of confidence. The Aldrich bill establishes this confidence on a solid rock basis. Behind it lies not only the prestige of the associated banks, but the careful supervision of the Government. The fear of political control or of the undue influence of the big interests has been eliminated by the prudent scattering of ownership and management and by the limitation of profits. The

voice of the weakest member bank is heard as readily as that of the strongest, and the fountain of credit is just as accessible to the bank of twenty-five thousand dollars as to that of twenty-five millions. Every member knows that there is a simple way by which at all times ample cash may be secured for legitimate commercial needs, and that the volume of circulation at his disposal is not controlled by the variable price of bonds, but responds readily to the demands of business, and that these notes are based on the only proper foundation for any note issue, namely, gold and commercial assets.

It is possible that some of the smaller banks may not take advantage of membership privileges; but whether members or not they cannot fail to enjoy its benefits, because their reserve correspondents, having themselves an unfailing source of supply, can always furnish them. The strong feature is the establishment of absolute confidence in the strength and adaptability of the system.

The plan may not yet be perfect, but there is in it the best from all systems that experts could make adaptable to our needs, and it furnishes a foundation upon which may be built a system that will eliminate panics and give to the American people the same primacy in world finance that they now hold in every other line.

The time and intelligent study which the members of the commission have given the subject and the world of information they have gathered and made accessible is worth largely more than the cost, and entitles them to the unstinted thanks of the country.

**By A. A. Crane, Vice-President First National Bank,
Minneapolis, Minn.**

REFERRING to your inquiry regarding the proposed National Reserve Association, I must say that the proposition is one which I heartily favor. I believe that an organization of this character would be of infinite advantage to our banking and financial sys-

tems. The plan proposed by the Monetary Commission and amended by the Currency Committee of the American Bankers' Association has been carefully thought out and appears to cover the situation fully. It is not revolutionary in any changes which it makes in our

present financial scheme, but if enacted into a law will enable the business of our country to be transacted with freedom from financial disturbances which have

been so frequent and disastrous in the past, and I see nothing in the proposed National Reserve Association which can be considered objectionable.

DEVELOPMENT OF THE CHECK

By Charles A. Conant

HOW would the business community get on without the use of the check?

This is one of those questions—like what it would do without the telegraph, the telephone or the bank note—which it is not possible to answer perhaps in definite terms, but which give interest to the problem when these devices were first used and how far their use has been extended. The check can justly lay claim to remote antiquity as to invention, but not as to extensive use. The word check, as defined by American law, is broad in its terms, but would probably exclude certain instruments of a kindred nature which were known to antiquity and have a wide use in Europe.

WHAT IS A CHECK?

The definition of check given by the Negotiable Instruments Law of New York is this: "A check is a bill of exchange drawn on a bank, payable on demand." This definition differs from that employed on the European Continent, in the respect that European checks may be drawn upon a merchant if he is prepared to honor them. It is probable that the American courts would admit the same principle—that a demand draft upon a merchant was subject to the law of checks if the merchant made it his business, and it was known to the public that he did so, to honor such instruments.

Checks in America, Great Britain, France and most other countries must be paid by the drawee on presentment, any contract for delay notwithstanding. In English and American law they must be presented within "a rea-

sonable time" from date, and in France within five days from date in the case of a local check and eight days in the case of one drawn in another place. Post-dated checks, however, are payable only on or after the date they bear. There is nothing to prevent the payment of an old check if there are funds in the hands of the banker for the purpose, but the delay releases the endorser.

The great transactions carried on at the zenith of Athenian and Roman power required a mechanism of finance which approached in some degree the elaborateness of that of modern times. Bills of exchange were used many years before Christ, and references here and there in Greek and Latin authors show that transfer orders for money were not unknown.* These transfer orders, however, lacked some of the negotiability of the modern check in not being transferable to order.

Much of the mechanism of Greek and Roman finance became obsolete in the Middle Ages, except now and then in the hands of the Jews, who were compelled to keep their riches in readily transferable form, in order to avoid confiscation and to transmit them quickly from a land where they might be persecuted to one which for the moment was more lenient. As modern banking emerged from the unsettled conditions of the medieval time, transfer orders again came into general use in Venice and Amsterdam. These transfer orders, however, are generally regarded by the economic historian as

* For details of these transactions see the writers "Principles of Money and Banking," Harper & Brothers, New York, Vol. II., pp. 168-76.

the forerunners of the bank note rather than of the check. They were issued primarily to obviate the constant handling of coin rather than to transfer credit. In the case of the Bank of Amsterdam the transfer orders were supposed to be covered in full by coin, until it was discovered in 1789 that much of the money had been surreptitiously lent to the Dutch East India Company, and the institution became bankrupt.

ORIGIN OF THE CHECK.

The check as known to the modern world is generally considered to have had its origin among the goldsmiths of London, who received money for safe-keeping and permitted its transfer by means of written orders. It was not until the middle of the nineteenth century that the use of checks became general. Indeed, so little was the scope of the checking system understood that it was not thought possible to found a bank without the power to issue notes. It was not until 1833 that joint-stock banks were authorized in London and within sixty-five miles thereof without the power to issue notes, and it was not until after this act that the creation of the London and Westminster Bank led the long procession of the great English joint-stock banks, doing business through the check and deposit system, which to-day in volume of business overshadow the Bank of England.

The peculiar limitations of the Bank of England charter did much to foster the use of checks in England, because the issue of bank notes was so restricted. There was for many years in operation in England an institution called The Cheque Bank, created almost avowedly for the purpose of evading the bank-note law by the issue of checks payable only over the counters of other banks with which the Cheque Bank established relations, and which had practically the character of bank notes.*

With the evolution of English bank-

ing, however, and the extension of commercial operations on the Continent of Europe, the check came gradually to be a recognized instrument of credit in the commercial world. In England, as early as 1864, an inquiry made by Sir John Lubbock into the character of the receipts at his own bank showed that checks and bills of exchange made up 96.8 per cent. of them. Another inquiry of a more comprehensive character, made by Pownall in 1881, showed a rather lower range of checks in the total amounts paid into different classes of banks. London banks showed check payments in the proportion of 97.23 per cent.; but in country banks in 261 different places, coin constituted 15.20 per cent. of the receipts, bank notes 11.94 per cent., and checks 72.86 per cent. Similar proportions have been obtained in various inquiries in the United States.

In Continental Europe the check made much slower progress than in England. It was first given a recognized legal status in France by the law of June 14, 1865. Even to-day the French merchant usually draws currency from the bank to pay his monthly bills instead of writing checks. In Europe also instruments of credit still retain in many cases the imperfect character of the transfer orders of ancient times, in lacking ready negotiability. At the Bank of France and the Imperial Bank of Germany an enormous volume of business is done by transfer orders, but they are usually orders for the transfer of credit from one client of the bank to another client.

The proportion in which the receipts of the Bank of France in checks have gained over receipts in coin and bank notes has been striking during the past two decades. In 1890 the total receipts into the Bank of France were 82,867,500,000 francs, or the respectable sum of about sixteen thousand millions of dollars. Of this amount, however, only 43,330,700,000 francs, or but little more than fifty per cent., was in the form of transfers and checks. By the year 1900 the total receipts had risen to 149,247,100,000 francs, or nearly

* See the writer's "History of Modern Banks of Issue," fourth edition, G. P. Putnam's Sons, New York, p. 128.

thirty thousand millions of dollars, of which transfers constituted 68.6 per cent. Since then the volume of business passing through the bank has more than doubled. It amounted in 1910 to 305,572,900,000 francs, of which 245,842,500,000 francs, or about 80.4 per cent., was in transfer orders or checks.

Figures like these relate entirely to the proportion of checks used in payments into banks. The ascertainment of the proportion of checks figuring in outside transactions is more difficult and has been only rarely attempted. An investigation made by Prof. David Kinley in 1896 of the proportion of check payments in retail trade resulted in a proportion of about fifty-five per cent. of total payments, and a later inquiry afforded similar results. There is every reason to believe that, outside of Great Britain, the proportion of checks used in every-day transactions is much smaller in Europe than in the United States; so that with the improvement in the negotiability and security of the check, there is still a large field for the extension of its use.

CIRCUMSTANCES RESTRICTING THE USE OF BANK CHECKS.

While the field of the use of checks is constantly expanding, even on the Continent of Europe, there are several circumstances which have hampered its extension. One of these is that in Europe a bank paying a check is not responsible for identification of the holder. When checks came into general use in England they were almost invariably made payable to bearer. When drawers began to make them payable to order, the bankers got a section into the Stamp Act of 1853 which specifically relieved them from liability for wrongful payment except as regards the signature of the drawer. From the standpoint of the banker, this system has much advantage over the American system, since it relieves him of responsibility. It results in giving to checks, however, so great a degree of negotiability that when lost or stolen they have practically the character of cur-

rency and can be cashed without difficulty by the finder. This prevents the use of checks as a safeguard for transmitting money, except when they are sent by registered mail.

There is strong opposition among the European banks to adopting the American system of requiring the personal identification of each holder of a check presenting it for payment. But a solution of the difficulty was found at an early date in England by the adoption of what is called the "crossed check." This means that two parallel lines, about three-eighths of an inch apart, are drawn across the face of a check, to indicate that it differs from the ordinary check. The original purpose of this so-called "crossing" was to permit the insertion between the lines of the name of a bank. Where such a crossing appeared, it meant that the check was payable only by deposit in a bank account and not in cash over a bank's counter. In other words, only a man who had an account could collect such a check, and he could only have it put to his credit and not paid in cash directly. So well established has the system become in England that where the transverse lines appear with only the words "and company" between them, it is taken to mean that the check may come back through any bank to the institution on which it is drawn, but that it cannot be paid by any bank in currency to the holder, except at its own risk. Where the name of the institution through which the check is to be paid is inserted in the crossing, it is called "specially crossed"; where no name is inserted, it is defined as "generally crossed."

The result of this system is that a crossed check in the hands of a dishonest holder cannot be collected without great difficulty. A dishonest holder might conceivably forge an indorsement to himself, but if he deposited it in his account, he could readily be traced as the forger; and few forgers can afford to maintain bank accounts in their own names for the purpose of executing forgeries. The system of the crossed check offers, therefore, some-

thing of the same sort of protection to the drawer of a check, that it will be paid to the proper drawee, which is afforded by the American system of personal identification. Up to a recent date, however, the system of crossed checks had obtained but a slight footing on the Continent of Europe. As early as 1894 the *Crédit Lyonnais*, the *Comptoir d'Escompte*, and the other leading French deposit banks entered into an arrangement by which they agreed to issue books of crossed checks and to receive such checks for deposit, but not to cash them after the manner of uncrossed checks. More recently the Bank of France has issued regulations to permit the use of crossed checks, and the National Bank of Belgium, in the summer of 1910, urged upon its branch agents that they recommend the system to depositors. As yet, however, the system has made progress slowly on the Continent and lacks effective sanction by law.

Forgery was one of the greatest perils of early banking. In the year 1817 the Bank of England prosecuted 142 persons in connection with forgeries. The crime was then a felony without benefit of clergy, but repeated hangings did not seem to seriously check it. Charles Price, who produced notes so good that they were paid at the bank, hanged himself in 1786 to escape the public executioner. Henry Fauntleroy confined himself chiefly to forging powers of attorney over funds at the bank, but he was discovered in 1824 and went to the gallows on November 30, in the presence of a great concourse of people. Hanging remained for eight years longer the penalty for even uttering a single forged note, until juries began to refuse to convict, and many merchants and bankers preferred to take a loss rather than prosecute.

end

SAFEGUARDS AGAINST FORGERY AND ALTERATION.

A distinctive paper was adopted for Bank of England notes as early as 1855, and great precautions were taken

to guard it against theft. Some of this paper was stolen from the mill in 1862 and used for printing notes, but the offenders were caught and sentenced to penal servitude for life or for shorter terms, according to the degree of their offending. Such experiences naturally stimulated research for improved methods and greater care in preparing paper for all important commercial instruments, for if bank notes could be forged and altered, so much easier was the crime in respect to checks and bills of exchange. The elaborate forgeries of bills by the Bidwells, in the spring of 1872, which involved the Bank of England to the amount of £77,000, directed still further attention to the need of extraordinary precautions in such matters.

With the check printed on ordinary paper, it is comparatively easy to raise the amount or change the name of the payee. Remarkable cases have occurred, like those which recently involved "Nellie Bly" in such heavy losses, where almost the entire contents of the check has been altered. Forgers of experience and skill can erase with acids a small amount, even where the check is carefully filled out, and substitute an amount as large as they believe the circumstances of the case will make it safe to negotiate.

In recent years forgery by professionals has been declining, but raising and altering checks is still attempted frequently by amateurs. To carry on forgery as a business required capital, technical skill, coolness, and address, each of which requirements was usually provided by a different person. Against the uttering of even the most skillful forgeries the American Bankers' Association and similar organizations have done much effective work. Their policy of employing a regular force to run down forgers, without direct charge against the bank on which the forgeries are perpetrated, has done much to break up the organized bands which formerly operated upon banks too poor to follow up an expensive prosecution.

Perhaps equally important in dis-

couraging the professional and disarming the amateur forger has been the adoption of safety papers. Other devices have been tried, like the bank-punch and the use of indelible ink, but neither has given the results of specially-prepared paper. The bank-punch is unwieldy for general use, and it has been demonstrated that filling up the punches with paper pulp is a simple matter. Indelible ink does not become incorporated with the fibre of the paper and can be removed with a metallic eraser. Safety tints also, as manufactured by the ordinary lithographer, although they have been on the market for forty years, have not proved a complete protection. If such tints are really sensitive, they are also sensitive to moisture and on this account cannot be easily handled in the ordinary course of business. The moisture of the hand frequently removes a portion of the tint, thus giving to a genuine document the appearance of having been altered.

Many of these tints, moreover, while appearing sensitive when first printed, easily become oxidized and in a short time become fast tints, which offer no protection whatever. It is a difficult matter to print a sensitive tint without smudging, and on this account the lithographer or printer frequently loses sight of the safety feature, and in order to produce a good-looking piece of work leaves out the very ingredient which should make the tint sufficiently sensitive.

CHARACTER OF THE PAPER OFFERS THE BEST PROTECTION.

Those who have given the matter the most attention have long been of the opinion that the best security against alterations of all kinds should be found in the paper itself upon which the document is written. The great value of the distinctive paper lies in the fact that the user of such paper, when once he is familiar with its distinctive character, can thereafter be assured that he is getting the real article and not merely a lithographed check which can

be altered without removing the background.

At the great central banks of Europe, the distinctive paper for bank notes is usually manufactured under the direct supervision of the bank. Less efficient safeguards in many cases are employed for checks. In the United States the distinctive paper for bank notes and paper money is made, under a careful system of counting and checking, by Crane & Company, of Dalton, Mass. The first use of safety paper for checks, which involves quite different factors from bank-note paper, dates back about half a century. Since 1871 it has been manufactured on a commercial scale by George Lamonte & Son by means of a secret process which has been carefully guarded. Their product is called the National Safety Paper. It is so made that during the process of manufacture there is combined with the white body of the paper a chemical tint, ornamented with a distinctive design which is conspicuously visible upon the surface of the paper. This provides at once the requisite of distinctiveness, at the same time that the paper is sensitive to every attempt at alteration. The ornamental tint turns to white under either acid or mechanical erasure, and it is of such a sensitive character that after being once removed it cannot be restored by any known process.

Practically all express company money orders issued in the United States or Canada are now printed upon safety papers. Many railway companies use them for their tickets, passes, and other negotiable vouchers, and the American Tobacco Company and its allied companies print their premium coupons on such paper with distinctive designs which cannot be counterfeited.

The history of the evolution of the money order is interesting. The old form, adopted in 1864, was changed in 1894 to meet the demand for greater simplicity of form. A second change was made in 1899, in order to make the order conform more nearly to other commercial paper daily passing through the banks. The new form lent itself so readily to alteration, however, that

the number of such cases, which had before been negligible, rose from ten in 1901 to 106 in 1902; 153 in 1903; 208 in 1904; and 481 subsequently traced. The result was the appointment of a special committee in 1905 by the Postmaster-General, which promptly recommended the adoption of safety paper. The properties of the new form are such that the original writing cannot be altered without so changing the color of the paper as to make the forgery apparent, and in the few cases of attempted fraud which arose the alteration was easily detected. Thus the Post-Office Department fell into line with leading banks and the express companies in protecting itself and its clients by the most modern devices against fraud.

A step for sanctioning the use of the crossed check on the Continent, and thereby greatly increasing the general use of checks, is likely to be taken by the Conference on International Bills of Exchange which met by invitation of the Government of The Netherlands in May, 1910. This Conference adjourned in July, 1910, with resolutions in favor of reassembling and taking up the question of a uniform law in regard to checks, to be adopted by the leading commercial nations of the world. A list of questions as to the proper subject matter to be brought before the adjourned Conference was drawn up by The Netherlands Government, which embodied a clear recognition of the theory of crossed checks and pointed to the serious consideration of the subject at the next session of the Conference. Among the questions asked were these:

"Should the law authorize the crossing of a check, distinguishing between—

"(a) Special crossing.

"(b) General crossing.

"And should it regulate the form and effects of each of these methods of crossing?

"In the first case, should the check be payable only to a designated banker; in the second case, only to any banker?

"If the law permits and regulates crossing, ought it to grant this power only to the drawer or also to an indorser or to the holder, whether the drawer has not crossed the check or has given it a general crossing and the indorser or the holder desire to cross it specially?"

Out of the next meeting of the Conference is expected to grow an agreement between the leading European nations and those of Latin America upon a uniform law regulating the rights of parties to checks. If this law recognizes the crossed check—and there is little doubt that it will do so—it is likely to lead to a much wider use of checks in Europe than at the present time. The fact of legal recognition will count for much. It will also count for much that the crossed check can be safely sent by mail without registration of the letter, as suggested in the recent circular of the National Bank of Belgium to its branch agents. It is probable also that the Conference will recommend such a simplification of the check and such mitigation of taxation as will make its use much easier in the future than it has been in the past.

Thus the check has become, by the evolution of events, a document having a clearly-defined legal status; its form is protected, like the bank note and the bond, against counterfeiting and alteration; and it is charged with the function of carrying on the world's exchanges with a convenience and safety and to an extent which give to it in many respects predominance over coin and bank notes.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in *THE BANKERS MAGAZINE*.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

COURTESY—THE BASIS OF SUCCESS

By Arthur A. Ekirch

A FEW years ago a State bank was organized in a small town in the far Northwest. The cashier was a progressive individual, blessed with ambition and originality. He took charge of the advertising of the bank and wrote splendid copy. In his advertisements he used the following caption: "The Bank That Treats You Right." A half-tone cut displaying his own cheerful countenance occupied a portion of the advertising space, and I venture to say, that the residents of the community who read the daily papers containing his advertisements had a sort of fraternal feeling flow through their veins that they would like to meet the cashier of "The Bank That Treats You Right," grasp his hand and open an account in his institution.

The bank depositor of to-day expects fair and courteous treatment; the day for abruptness and independence has vanished. The depositor looks toward the bank as more than a mere place for the safe keeping of his funds and the discounting of his paper. To him, the bank is a bureau of good advice; the officials and clerks are expected to know a little of everything and to show a tendency to dispense a little of their knowledge.

Let me cite a few cases where good advice and courtesy on the part of the officials and clerks have been the means of building up a prosperous business.

A retired manufacturer called on the president of a large financial institution in one of the larger cities of the Middle West, where competition among the numerous banks was keen. He had a large sum of idle cash and sought a good investment. His knowledge of investments was slight, therefore he turned to the banker as the proper person to consult.

After making known his wants to the official, he was told that if he desired to open an account with the institution, they would be pleased to pay him two and one-half per cent. interest.

"What I desire," spoke up the manufacturer, "is information relative to the purchase of some industrial bonds."

"Information of that kind," replied the president, in abrupt tones, "you will have to seek elsewhere; this is not a bureau of information."

It is needless to say that the manufacturer made a hasty exit. His opinion of this particular banker and his institution will never be known, but the next day he called upon an old business associate of his, who recommended him to a smaller institution about a block away from the one that had turned him down the previous day.

He called upon the cashier of the recommended bank, and told him what he desired. The cashier received him cordially and said:

"I would not care to recommend the purchase of any particular bond, but I will gladly furnish you with a list of the various bonds, together with a detailed statement of the financial condition of the properties on which they are based. You can go over the list carefully and if you find anything you like, call on Blank and Company, the bond brokers, and they will be pleased to negotiate the sale."

Some bankers look upon the act of dealing out good advice and information as the loss of so much money. In this case, however, as in many others that have come to my attention, the dispensing of a little knowledge on the part of the banker has brought home big results, with no loss whatever to the banker.

One week later the manufacturer again called on the cashier, opened an account with him for fifteen thousand dollars and rented a safe deposit box, to hold the securities he had purchased from Blank and Company.

Another case similar in some respects to the one cited above, inasmuch as it deals with courtesy and good advice, happened not long ago in one of our New York savings banks.

The party in question was a middle-aged man of foreign birth, who had accumulated a snug little amount of money, but who, like the manufacturer, had little knowledge of investments.

He stepped up to the signature clerk of this particular bank, asked for one of the bank's last statements and a list of the men comprising the board of trustees.

The clerk at the window very politely told him who the trustees were and went on further to say that the laws governing New York savings banks were most carefully drawn and the safeguards surrounding the business were of the highest standard.

The information was readily absorbed by the foreign gentleman and after

signing his name to the signature card and answering the test questions he stepped up to the receiving teller's window and deposited two dollars.

Two days later he returned to the bank, took his place on the line leading to the receiving window and when he reached it, handed in his pass-book together with \$2,998, and said:

"The courteous manner in which I have been treated in this bank has overwhelmed me, and my only regret is that you only accept \$3,000."

To those who contemplate making the banking business their life-long vocation let me add:

Good words cost nothing and are worth much.

TRUST COMPANIES

Conducted by Clay Herrick

SIXTY-FIVE YEARS OF TRUST COMPANY GROWTH

By Clay Herrick

WHEN THE BANKERS MAGAZINE made its appearance, in 1846, there were in the United States only half a dozen trust companies. Of these, four are still in existence,—The Farmers' Loan & Trust Company of New York (incorporated 1822); The New York Life Insurance & Trust Company (chartered 1830); The Pennsylvania Company for Insurance on Lives and Granting Annuities, of Philadelphia (chartered 1812, granted trust powers 1836); and The Girard Life Insurance, Annuity & Trust Company, now The Girard Trust Company, of Philadelphia (chartered 1836). These early companies, as their names indicate, mingled life insurance and trust business, although by 1846 the insurance part of the business had begun to be the less important, having been discontinued by the Farmers' Loan & Trust Company in 1838.

Notwithstanding the fact that the above-named companies were prosperous, very few competing companies appear to have been organized until along in the fifties. At Cincinnati, The Ohio Life Insurance & Trust Company, organized in 1834, did a prosperous business for some years, but failed in 1857, precipitating the panic of that year. Two or three other companies had still briefer careers. Between 1853 and the outbreak of the Civil War several companies were organized in New York and in Chicago. Beginning in 1864 a distinct movement for the organization of trust companies was begun, together with the formation of safe deposit companies. Trust companies were organized in the New England States, in Pennsylvania, New York, New Jersey, Maryland, Illinois, and Georgia.

By 1875, the number of trust com-

panies in the country was probably about fifty. In that year the Comptroller of the Currency began giving statistics of such companies in his annual reports, and published the figures for thirty-five trust companies. The following table, showing figures as given by the Comptroller each five years since 1875, shows the gradual increase of trust companies up to the close of the nineteenth century, and their marked growth since that time:—

Year.	No. of Companies Reporting	Capital.	Surplus and Undivided Profits.	Individual Deposits.
1875	35	\$22,000,000	\$8,000,000	\$85,000,000
1880	30	19,000,000	10,000,000	90,000,000
1885	40	26,000,000	19,000,000	188,000,000
1890	149	71,000,000	47,000,000	336,000,000
1895	242	109,000,000	85,000,000	547,000,000
1900	290	127,000,000	148,000,000	1,028,000,000
1905	683	243,000,000	364,000,000	1,980,000,000
1910	1,091	367,000,000	433,000,000	3,073,000,000

Not having power to compel the returning of statements from the trust companies, which are State institutions, the reports of the Comptroller do not include all trust companies in existence at the dates given. In 1910, the actual number of trust companies in the United States exceeded 1,600, with aggregate capital of over \$450,000,000, surplus and undivided profits of over \$520,000,000, and deposits in excess of \$3,310,000,000. These figures relate, of course, to the banking departments of the companies. Just how much wealth is in the keeping of trust companies in trust capacities, as trustees, administrators, etc., can not be known, as these figures are not generally published. An estimate as of June 30, 1910, by the United States Mortgage & Trust Company of New York, places the amount at not less than \$25,000,000,000.

CHANGES IN CHARACTER OF BUSINESS.

While the trust company was thus growing in power and resources, changes were also occurring in the character of the business undertaken. The original purpose of the institution was the performance of purely trust business,—that of trustee, admin-

istrator, executor, agent, guardian,—with which the insurance business, also of a trust nature, was combined. Semi-philanthropic motives underlay its establishment, and it was intended to be,—as indeed it has been,—an agency of usefulness to the people in our changing civilization.

Various considerations gradually led to the adding of other functions, some very closely connected with, and practically indispensable to the conducting

of trust business, others not so closely related to the original purpose of the trust company. The needs of customers as well as of the company itself, for the safe keeping of valuables, led to the addition of the safe deposit department. The necessity of caring for funds awaiting permanent investment paved the way for savings departments. The experience and facilities acquired in individual trust work, and the broad powers exercised, rendered the trust company peculiarly fitted for corporate trust business, the volume of which has grown amazingly during the remarkable expansion in number and size of corporate enterprises which has occurred within the last two or three decades. Investment of trust and of savings funds brought experience and opportunities which suggested the usefulness of the bond department. The care of estates which involved the rental, sale or management of real property gave familiarity with most of the functions of the modern real estate department. The desire of customers to draw checks against their accounts instead of using only the savings pass-book fostered the growth of a department for that purpose; which, however, has in very many cases grown into a purely commercial banking department,—a de-

partment whose functions are without doubt furthest removed from the original purpose of the trust company of any of the many lines of work now undertaken by the present-day "department store of finance."

PROGRESS IN REGULATION.

The rise of the trust company did not take place unaccompanied by the abuses which dishonest men have ever been prone to commit with all financial institutions. As early as the forties a trust company was used for fraudulent stock jobbing operations. The loose methods of banking in the ante-bellum days were extended to some of the few trust companies then in existence. Of the companies organized soon after the Civil War, some fell into dishonest hands, and half a dozen of them suspended during the panic of 1873. Agitation about that time for the better

regulation of all banking institutions resulted in trust companies in several States, including New York, being brought under the supervision of the banking departments. Until the decade of the eighties, trust companies were, in all the States, created by special acts of the legislatures. This was the old practice in the establishment of banks, and is still followed in a few States. In 1881 Pennsylvania passed a corporation act, providing for the incorporation of trust companies and placing certain restrictions upon them. New York and Illinois passed general laws of the same nature in 1887, and several other States enacted such legislation during this period. Not until within the last ten years, however, have the majority of the States provided adequately for the organization and regulation of trust companies,—and there are still some sadly lacking in such legislation.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

NATIONAL BANK EXTENDING PERIOD OF CORPORATE EXISTENCE

STOCKHOLDERS WITHDRAWING—TERMINATION OF LIABILITY.

Supreme Court of the United States, May 29, 1911.

ALBERT S. APSEY, RECEIVER, VS. ANNA C. WHITTEMORE. SAME VS. KIMBALL.

Where the period of twenty years for which a national bank is incorporated expires, stockholders who give notice of their intention to withdraw, in the manner prescribed by the statute, are not liable for any debts of the bank subsequently contracted.

THESE were two cases involving the same question, the first being in error to the Superior Court of Massa-

chusetts, and the second in error to the United States Circuit court of Appeals for the First Circuit.

Mr. Justice DAY (omitting part of opinion): These cases are practically alike. No. 132 is a writ of error to the United States Circuit Court of Appeals of the first circuit; No. 133 is a writ of error to the Superior Court of Massachusetts. The suits were originally brought by Albert S. Apsey, receiver of the First National Bank of Chelsea, Massachusetts, against George E. Kimball and Anna G. Whittemore, respectively, under § 5151 of the Revised Statutes of the United States (U. S. Comp. Stat. 1901, p. 3465), making the shareholders of a national banking association individually responsible in a sum equal to the amount of their stock

therein at the par value thereof, in addition to the amount invested in such shares.

In each of the cases the courts whose judgments are here for review reached the conclusion that the shareholder sued was not liable to the receiver on account of such statutory obligation. In the case from Massachusetts, while the final judgment was entered in the Superior Court of that State, the decision was in the Supreme Judicial Court of Massachusetts, and is reported in 199 Mass. 65, 85 N. E. 91.

As originally organized, national banks had a corporate existence of twenty years. By the act of July 12, 1882, 22 Stat. at L. chap. 290, p. 162, U. S. Comp. Stat. 1901, p. 3457, such banks were authorized to continue their corporate existence for another twenty years. As pointed out in § 2 of the act, such extension must be authorized by consent in writing of shareholders owning not less than two-thirds of the capital stock of the association. Before granting a certificate of approval of such extension, the Comptroller of the Currency is required to cause a special examination of the bank to be made, and if, after such examination, or otherwise, it appears to him that the association is in a satisfactory condition, he is required to grant his certificate of approval, or, if it appear that the condition of the association is not satisfactory, he shall withhold the same.

* * * * *

The question, then, is: Did the shareholders, defendants in error, cease to be such, or were they still shareholders when the bank failed, and liable to assessment for the benefit of creditors? It is the contention of the plaintiff in error that they did not cease to be shareholders until, under § 5 of the act, an appraisal of the value of the stock had been made and the certificates of stock duly surrendered. Upon the other hand, the defendants in error contend that, upon complying with the steps required of them, in giving notice, appointing an appraiser, and using diligence to have an appraisal, they ceased

to be shareholders, and were no longer liable to pay the assessment made.

The First National Bank of Chelsea was originally incorporated, under the statute, for a period of twenty years, and while that was its span of corporate life, the defendants in error became shareholders therein, received certificates of shares, and were duly registered as shareholders. As twenty years was the life of the corporation, the shareholders had not bound themselves to remain such after the expiration of that definite period of time. As the statute originally stood, the venture would necessarily terminate at the end of that time.

Congress recognized that it might be proper to continue the organization, that at least a part of the shareholders might desire to do so, and therefore the act of July 12, 1882, provided for the extension of the corporate existence of the bank. It was also recognized that a part of the shareholders might wish to retire from the venture, and it was therefore provided that two-thirds of the shareholders must acquiesce to continue the bank's existence, and must certify such desire to the Comptroller of the Currency, who must approve of the extension of the corporate existence.

It is provided in § 5, above quoted, that each nonconsenting shareholder shall give notice in writing to the directors of the association, within thirty days of the date of the certificate of approval by the Comptroller, of his desire to withdraw from the association; and further, that he thereupon shall be entitled to receive from the association the value of the shares held by him, such value to be ascertained by an appraisal by a committee of three, one to be selected by the shareholder, one by the directors of the association, and the third by the first two thus selected, the value ascertained and determined is to be deemed a debt of the bank and forthwith paid, and the surrendered shares to be sold after due notice, at public sale, after thirty days from the final appraisement provided for in the section.

The agreed facts show that the shareholders here involved strictly complied with the statute in giving the required notice, and in the selection of their appraiser. The bank also selected its appraiser, and the facts show that the shareholders urged action, employed counsel, and endeavored to bring about the appraisal. Apparently the delay was caused by the bank's representative; at least, this was the possible inference suggested by the Supreme Judicial Court of Massachusetts. (199 Mass. 68.)

We agree with the courts below that the defendants ceased to be shareholders after thus complying with the statute. Section 5151 of the statute makes shareholders liable to the assessment. The statute makes specific provision for the manner in which the shareholder may sever his connection with the corporation. These necessary steps were taken, as the agreed facts show. The shareholders had a right to end their connection with the association at the termination of the period of original incorporation, or, if they so desired, they might go on with the association in its renewed life.

Section 5 provides for the manner of manifesting such determination to terminate their relations with the corporation at the expiration of its original life. True, other things were to be done to ascertain the amounts to be paid the retiring shareholders; that they were not done in these cases is no fault of the retiring shareholders. We cannot agree with the contention of the plaintiff in error, that they ceased to be shareholders only when the appraisal had been made, and the certificate of shares surrendered.

It is said that the shareholders, when the bank's representative did not act in the matter of the appraisal, might have brought suit to compel further proceedings, or to cancel their stock on the books of the company. Again we answer—that they did all that the statute required them to do.

But, it is urged, in not getting their names off the books, whatever might be their relations with the bank, these

shareholders continued to be registered shareholders, and, as such, liable to creditors. Cases are cited which hold that where one permits his name to be registered on the books of the bank as a shareholder, or where he fails to obtain a transfer of the shares to another name, although he has in fact parted with his stock, such shareholder remains liable to the creditors. (See *Germania Nat. Bank vs. Case*, 99 U. S. 628; *Matteson vs. Dent*, 176 U. S. 521.)

But those are not cases where shareholders have done all that the law required in order to end their relation to the bank and to get their names off the books.

Where the shareholder has performed every duty which the law imposes upon him in order to secure a transfer of the stock, the fact that it is not transferred on the register of the bank does not continue his liability as such shareholder. (*Whitney vs. Butler*, 118 U. S. 655, 30 L. ed. 266, 7 Sup. Ct. Rep. 61; *Earle vs. Carson*, 188 U. S. 42, 47 L. ed. 373, 23 Sup. Ct. Rep. 254.) The facts of the cases at bar bring them within this principle. These shareholders had done all that the law required of them. Any further action to evidence the changed relation of the shareholders to the bank, upon its books, was not a matter within the control of the shareholders.

It is argued that the construction we have given the statute may amount to a reduction of the capital stock, to the detriment of creditors. The corporation in which these shares were held expired in twenty years. The creditors after that time had no right to hold these shareholders in face of the law, of which all must take notice, permitting the retirement of nonassenting shareholders. If this results in the diminution of outstanding shares of the bank assessable for creditors, it was the very thing made possible by the amended statute. New shareholders are to be brought in by the sale of the stock, as provided in § 5. It is true that these defendants retained their certificates, but they were not obliged to surrender

them except upon payment for their shares.

It is said, had the corporation made a large gain, instead of failing after the action of these shareholders, in giving notice and naming their appraiser, they might have withdrawn their notice, and obtained the benefit of such increase, but this depends upon the construction of the statute. As we view it, when the shareholders made their election to retire at the end of the first twenty-year period of corporate organization, and took the steps required in § 5, by giving notice and appointing an appraiser to obtain a valuation of and payment for their shares of stock, they thereby ceased to be shareholders beyond the original twenty-year term of the life of the corporation, and they could neither share its profits, nor be compelled to bear its burdens.

The views here expressed require the affirmance of the judgments in both cases.

Affirmed.

CHECK SENT TO WRONG ADDRESS

NEGLIGENCE OF SENDER AS DEFENSE.

Supreme Court of Ohio, March 28, 1911.

S. WEISBERGER CO. VS. BOBBERTIN SAVINGS BANK.

W. drew a check to the order of M. R., which was intended for a man in New York City, but the envelope containing the check was addressed to M. R., 48 Walker street, Cleveland, and was delivered by the letter carrier to a man of that name who lived in Henry street, Cleveland. This man indorsed the check and cashed the same in a saloon, and thereafter the check was paid by the drawee bank: *Held*, that as the loss was imputable to the neglect of the drawer, he could not recover the amount of the bank.

SPEAR C.J. (omitting part of the opinion): It is not necessary that we consider the many authorities presented by the plaintiff in error concerning the liability of a bank to one of its depositors for paying a forged check, nor to discuss the general rule that such bank is bound to know the signature of

its depositor. Those authorities may be regarded as sound on the facts of each case there found, and still the judgment of the lower court be free from error.

There is one view of this case sufficiently clear to sustain the judgment, without conflict with any authority cited in the brief or oral argument. It stands out boldly in the plaintiff's case—in its petition and in its evidence—that it was first at fault, if not first and solely negligent. It was a business concern, keeping an account with the defendant bank. It knew that its creditor, Max Roth, resided in New York City, doing business at 48 Walker street, and, desiring to pay its debt to him, drew the check payable to him, not designating therein either the place of residence or business, and thoughtlessly or negligently inclosed it with a letter in an envelope which it addressed to Max Roth, 48 Walker street, *Cleveland, Ohio*, and, so addressed, the plaintiff caused it to be mailed. Bearing that address, the letter could not properly go to New York City, but could and properly did go to the city of Cleveland. Perhaps there is no Walker street in Cleveland; but the postal service, after diligent effort, found a Max Roth, or a man who claimed to be of that name, and the letter containing the check was delivered to him.

Up to this point of time, no one connected with the check was negligent, except the plaintiff, unless it be the letter carrier who delivered the letter. The act of the Max Roth of Cleveland, who received the letter, was criminal, and he forged the name of the real party for whom the check was intended by indorsing his name thereon.

The carelessness of the plaintiff put it within the power of the Cleveland man to perpetrate a fraud and obtain the proceeds of the check, which he did at the hands of Schoenfeld, his acquaintance. Then it took the customary course on its way to the bank of defendant upon which it was drawn. Schoenfeld, believing the indorsement of the Cleveland acquaintance legitimate, deposited the check in his bank of deposit, having indorsed his name

on the back thereof. This bank indorsed and transferred it to the Union National Bank, guaranteeing prior indorsements; and it in turn indorsed it payable to any bank or bearer, guaranteeing all prior indorsements. These were Cleveland banks, which made the indorsements and transfers; but it is not alleged in the petition that the defendant bank had any information or knowledge as to the residence or place of business of Max Roth, the plaintiff's creditor, and therefore the location of these indorsing banks was not calculated to put the defendant on inquiry or excite its suspicion. They had severally guaranteed prior indorsements.

It was not practicable for the defendant to interview Max Roth, to ascertain whether he was the lawful holder of the check. While it is true that a forged indorsement transfers no title to the check, we cannot avoid a comparison of the negligent conduct of the plaintiff with the apparent good faith of the defendant, acting as it did under the circumstances narrated. The misdirected letter was the source of possibilities that became realities in this case. In other words, the plaintiff was first at fault, and its mistake made possible what in fact has transpired. If we admit, as we do, the ordinary rule that a bank is bound to know the signature of its depositor, it is a rule to protect the rights of the depositor. But where his carelessness has contributed directly to the deception of the bank, he may not be in position to enforce such general rule.

In the case at bar, it appears that neither the depositor nor the bank intended to commit any wrong, and we may apply a rule the substance of which is that, where one of the innocent parties must suffer because of a fraud or forgery, justice imposes the burden upon him who is first at fault and put in operation the power which resulted in the fraud or forgery. We decide this case on its own peculiar facts, and make no search for or examination of reported cases, and affirm the judgment of the lower court.

Judgment affirmed.

COLLATERAL NOTE

STIPULATION AS TO ADDITIONAL SECURITY —EFFECT OF ON NEGOTIABLE CHARACTER OF PAPER.

Supreme Court of Kansas, June 10, 1911.

HALLIDAY STATE BANK VS. HOFFMAN.

A promissory note, otherwise negotiable, due six months after date, with interest from maturity until paid at the rate of six per cent. per annum, contained a recital that certain collateral security was attached thereto, the market value of which was stated to be \$6,250, and contained in addition the following stipulation: "If, in the judgment of the holder of this note, said collateral depreciates in value, the undersigned agrees to deliver, when demanded, additional security to the satisfaction of said holder; otherwise this note shall mature at once." *Held*, that under the Negotiable Instruments Law the note was unnegotiable, (1) because it contained a promise to do an act in addition to the payment of money, and (2) because the date when it should fall due was uncertain.

THIS was an action upon a note in the following form:

\$4,500.00 No. Kansas City, Mo.,
Sept. 18th, 190... Due..... Six months
.....after date for value received.....I
promise to pay to the order of Merchants'
Refrigerating Company, Kansas City, Missouri,....forty five hundred and no/100
.....dollars at the office of the Merchants'
Refrigerating Company, Kansas City, Mo.,
with interest from maturity until paid at
the rate of six per cent. per annum. To
secure the payment of this note and of any
and all other indebtedness which.....I
.....now owe to the holder hereof, or may
owe him at any time before the payment of
this note.....I have hereto attached, as
collateral security the following: Stock certificate No. 137 of the capital stock of the
Merchants' Refrigerating Company, calling
for 50 shares of the stock; par value \$5,000.
The above collateral has a market value of
\$6,250.00. If, in the judgment of the holder
of this note, said collateral depreciates in
value, the undersigned agrees to deliver
when demanded additional security to the
satisfaction of said holder; otherwise this
note shall mature at once. Any assignment
or transfer of this note, or obligations herein
provided for, shall carry with it the said
collateral securities and all rights under
this agreement. And I hereby authorize
the holder hereof on default of this note, or
any part thereof, according to the terms
hereof, to sell said collateral or any part

thereof, at public or private sale and with or without notice, and by such sale the pledgor's right of redemption shall be extinguished.

C. B. HOFFMAN.

The case turned upon the question whether the note was negotiable.

POTTER, J. (omitting part of the opinion): The negotiable instruments law, which is merely declaratory of the mercantile law on the subject, contains a provision which, as we construe it, makes the note in the instant case non-negotiable. Section 5258 of the General Statutes of 1909 reads: "An instrument which contains an order or promise to do any act in addition to the payment of money is not negotiable." The section then enumerates certain things which are not to be regarded as falling within the inhibition. None of these exceptions cover such a promise as the one under consideration.

The note is nonnegotiable for the further reason that the same provision renders doubtful and uncertain the time at which it shall become due. If the maker shall fail when demanded to furnish additional security to the satisfaction of the holder, the note shall mature at once. It is argued that this is no different in principle from the provision that default in the payment of any installment shall accelerate the maturity of the note, and cases are cited in which we have held that a similar provision will not render the note nonnegotiable. (See *Clark vs. Skeen*, 61 Kan. 526, 60 Pac. 327, 49 L. R. A. 190, 78 Am. St. Rep. 337.) The negotiable instruments law itself expressly declares that a negotiable instrument may contain provisions of this kind. (Gen. Stat. 1909, §§ 5255, 5257.) The distinction between such a stipulation and the one in question lies in the fact that in the one instance the maturity is accelerated by the default of the maker alone, and the default is to consist in his failure to pay money. Here the maturity of the note is to be accelerated by the failure of the maker to do something in addition to the payment of money, and both contingencies are made to depend upon something over which he has not the

absolute control. It is within the power of the holder, by refusing assent to what the maker has done, arbitrarily to make the note due at any time between the date of its execution and six months thereafter. If the holder is not satisfied with the additional security, the note matures at once, and thus the time at which it may mature would depend upon the time at which the holder declared himself dissatisfied with the security delivered by the maker. The effect of this stipulation is to leave the time when payable uncertain and indefinite. (*Bank vs. Bynum*, 84 N. C. 24; *Brooks vs. Hargreaves*, 21 Mich. 254; *Kimpton vs. Studebaker Bros. Co.*, 14 Idaho, 552; *Savings Bank vs. Strother*, 28 S. C. 504; *Wisconsin Yearly Meeting vs. Babler*, 115 Wis. 289; *Continental National Bank vs. McGeoch and others*, 73 Wis. 332. See, also, *Iowa National Bank vs. Carter*, 144 Iowa, 715.)

The law of commercial paper, like all other substantive law, is the creature of growth. Founded on the custom and usages of merchants, it is the combined result of reason and experience slowly modified by the necessities and changes in commercial affairs. The methods of modern business and the interests of maker and holder alike require the deposit of collateral securities, with the power in the holder to sell the same at maturity. The oft-repeated epigram of Judge GIBSON, in the opinion in *Overton vs. Tyler*, 3 Pa. 346, that "a negotiable bill or note is a courier without luggage" has lost much of its aptness since 1846. The note held nonnegotiable there contained a warrant of authority in the holder to confess judgment with a release of errors and waiver of appraisal and stay of execution. The statute (negotiable instruments act) provides that an instrument otherwise negotiable is not affected by a provision which "(2) authorizes a confession of judgment if the instrument be not paid at maturity; or (3) waives the benefit of any law intended for the advantage or protection of the obligor." In former opinions this court has frequently referred to the conflict of authority in

the decisions respecting the effect of collateral provisions of this character in promissory notes and bills of exchange. (*Lyon vs. Martin*, supra; *Bank vs. Gunter*, 67 Kan. 227, 233.) The adoption in recent years of the negotiable instruments law by so many of the States was in response to the general desire for uniformity in respect to commercial paper. The application, however, by the courts of legal principles to particular facts has not reached scientific exactness, and never will. It is hardly to be expected,

therefore, that the courts of the different States which have adopted the act will always agree in the construction and application of its provisions. Actual uniformity in the law of negotiable instruments will remain a dream more or less iridescent; substantial uniformity is all that can be hoped for. The conclusions we have reached with respect to the instrument in question are in harmony with the former decisions of this court and accord with our view of the proper construction to be given to the language of the statute.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

ILLEGAL TRAFFICKING IN BANK SHARES

PROMISSORY NOTES—CONSIDERATION—TRANSFER OF BANK SHARES—DIRECTORS—NOTES GIVEN TO REPAIR WRONGDOING—HOLDER IN DUE COURSE.

STAVERT VS. M'MILLAN.

(3 O. L. R.—6.)

This was an appeal to the Court of Appeal from the judgment of Sir John Boyd, Chancellor, previously reviewed in *THE BANKERS MAGAZINE*.

THE judgment of the Court was delivered by GARROW, J.A.:

The action was brought * * * to recover the amount of a promissory note for \$26,488 made by the defendant Donald McMillan, payable to the defendant James McPhee, and by the latter indorsed to the plaintiff.

The defendants pleaded that the note was made and indorsed to the Sovereign Bank of Canada, and that the bank had agreed that the defendants should not be sued upon it, and that they should be indemnified by the bank in respect thereof; that the making and indorsing were illegal and void, as having been a mere device for concealing the fact that the bank had purchased its own shares, and for enabling the bank to continue in the ownership of such stock; that the plaintiff became the holder by transfer

from the bank with full notice; and that he in fact sues as trustee for the bank.

The bank was brought in under third party procedure, at the instance of the defendants, and indemnity claimed against it. * * *

The transaction underlying this action and the allied actions was that the general manager of the defunct Sovereign Bank used money of the bank in purchasing its own shares contrary to law. This was done without the knowledge of the director to whom it was only communicated when the representative of J. P. Morgan & Co. inspected the affairs of the bank. A plan was thereupon devised whereby the directors should take up the shares and distribute them among friends. This was done and notes payable to the bank were taken from the various nominees who were assured that they would not be held liable upon the notes, that the shares were to be held in trust for the bank and that all would shortly be paid out of the sale of the shares. The bank, however, became insolvent and passed into the hands of a curator, the present plaintiff, who brought action upon the notes in question. The actions were dismissed by the Chancellor on the ground that the whole transaction was not only voidable but void as being an absolute contravention of the Bank Act.

JUDGMENT (MOSS, *C.J.O.*; GARROW, MACLAREN and MAGEE, *J.J.A.*): The following, taken from the judgment of Mr. Justice GARROW, briefly summarizes the reasons of the appellant Court for reversing the judgment of the Chancellor holding the defendants liable.

The learned Chancellor found, "That no defence was proved sufficient to outweigh the legal consequences arising from the signing and indorsing of negotiable promissory notes."

"The notes then were given for value, represented by the transfer of shares apportioned to each, and in the whole representing in value the \$400,000 of the bank's moneys illegally expended." But he also held that the consideration for the notes was illegal, and upon this ground dismissed the action. * * *

The result seems to be to determine the several leading matters of fact which depended upon contradictory evidence in favor of the plaintiff—correctly, in my opinion.

I am, with deference, unable to follow further the learned Chancellor's conclusions. It does not, under all the circumstances, seem to be a proper conclusion or one which can be fairly drawn from the evidence that the bank ever "adopted" the shares. The bank is, as was said by Lord Selborne in *Great Eastern R. W. Co. vs. Turner*, L. R. 8. Ch. 149, 152, a mere abstraction of law. The proprietors are the shareholders; and it was their money which had been illegally used in the purchase of the shares. The directors, as was also said in that case, are "the mere trustees or agents of the company, trustees of the company's money and property, agents in the transactions which they enter into on behalf of the company."

A gross breach of trust had been committed, to which at least one of the directors (Mr. Stewart) was a party. The duty of the other directors to the shareholders was, under the circumstances, perfectly plain. They should at once, unless they, too, were to become implicated, have repudiated Mr.

Stewart's illegal acts, and have insisted upon a restoration to the bank of the funds which had been so illegally diverted. This could have been easily done by insisting upon the nominal purchasers and holders of the shares paying up their overdrafts and then doing as they pleased with the shares. They could not, under the circumstances, have claimed indemnity from the bank, although they might perhaps have been able to do so from Mr. Stewart personally. And there was even nothing in law that I can see to prevent the bank, while repudiating the purchasers and demanding repayment, from also asserting a lien upon the shares, upon the principal applied by Lord Selborne in *Great Eastern R. W. Co. vs. Turner*. The transaction there was also illegal * * * but, nevertheless, the Lord Chancellor saw his way to grant effectual relief, and in doing so used this language: "It would be monstrous, it would be extravagant to the very last degree, to say that, because the money of cestuis que trust has been laid out in an unauthorized manner, therefore they are not to have the benefit of whatever value there is in the property bought with their money." This seems reasonable, and in no way in conflict with the prohibition contained in the Bank Act (sec. 76) against the bank dealing in its own shares.

Instead, however, of taking this position and thus protecting those whom it was their duty to protect, the other directors seem to have made common cause with Mr. Stewart, thereby becoming parties to the breach of trust, if they were not so already. * * *

The proper inference, in my opinion, is, that the several promissory notes now in question were given for the purpose of recouping to the bank the money which had been so unlawfully and without authority employed in the purchase of the shares, and that such money and such recoupment, and not merely the price of the shares, which was a purely collateral matter, formed the true consideration as between the bank and the makers of the notes.

It follows that the appeal should be allowed, and that the plaintiff should have judgment for the amount of the

notes and interest, and that the claim over against the third parties should be dismissed, the whole with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

CHANGING THE DATE LINE ON CHECK

NEW YORK, Sept. 28, 1911.

Editor Bankers Magazine:

SIR: I will ask you to be kind enough and answer the following inquiry, which happened to come up in the course of a day's work: Richard Roe lives in Chicago, and has an account in the First National Bank in that city. He happened to visit New York City, and while there contracted a debt, which he paid by a check drawn on the First National Bank of Chicago. The question is this: Does the drawing of a line through the printed words, Chicago, Ills., and the substituting of New York (to indicate that he was in New York when the check was drawn) affect the validity of the check? In other words, is the bank liable by paying this check?

SAMUEL B. JACOBSON.

Answer: So long as the change was made by the drawer himself—for we

assume from the inquiry that the words "New York" were in his handwriting—it could not affect the validity of the check. He could strike out any part of the printed matter he liked, and write in whatever he chose, and the instrument would be good according to its tenor as so written. In practice, changes of this sort are quite frequent. Not only is the printed name of the place where the check is dated struck out, and another name written in—which is ordinarily a change of no importance so far as the legal effect is concerned—but the printed words "pay to the order of" are often changed to read "pay to bearer," which is a substantial change of the legal import of the paper. The change mentioned, therefore, affords the bank no reason for refusing to pay the check.

CHINESE CURRENCY REFORM

THE reform of the Chinese currency now assured will have a material influence in stimulating foreign trade with China. Up to the present time the values of the tael in the different districts have been a severe hindrance and have retarded the efforts of the Occidental nations in opening up this immensely rich country. For instance, contracts for goods in one province would show a heavy loss when payment was received and the funds converted into those of another province. Consequently this reform is considered to be of the highest importance by international bankers and general traders.

The government itself has for some time felt the need of reform. The Board of Finance established some time ago a special bureau to investigate financial conditions in China and to study the systems of other countries, with a view of improving the Chinese currency system, and a plan has been

submitted to the board for approval. The unit will be the Yuan or dollar, and the subsidiary coins will be of the same denominations as those of the United States currency.

For the purpose of carrying out this and some other less important forms, a loan of \$50,000,000 was consummated in Peking on April 15, 1911. The proposal for this loan was originally made to American bankers alone; but later was extended to financial groups of Great Britain, Germany and France. The four powers were to pay to China \$5,000,000 immediately, \$5,000,000 when the powers have approved of the currency reforms and the Manchurian development schemes, and the remainder of the loan in instalments covering several months. At the suggestion of the United States, China has also agreed to appoint the representative of some uninterested country as financial adviser to assist in the currency reform.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

HANDLING INTEREST PAYMENTS ON BONDS AND MORTGAGES

By Wm. T. McCaffrey, Interest Teller, Syracuse Savings Bank,
Syracuse, N. Y.

SAVINGS banks have fully half of their resources invested in bonds and mortgages.

Handling the payment of the interest on these mortgages semi-annually is a huge task. The institution with which I am connected have nearly ten millions of dollars invested in about four thousand mortgages. There is a penalty,

and the next 10,000. This makes posting rather difficult.

I conceived of a system which after a trial of two interest periods I find works very smoothly and greatly facilitates the work. The following is an outline of it:

Receipts were printed with a coupon attached. This coupon contained the

<p>TO Syracuse Savings Bank</p> <p>INTEREST FOR HALF YEAR ENDING JUNE 30, 1911, BOND AND MORTGAGE</p> <p>LOAN NO. _____</p>	<p>IF YOU HAVE A DEPOSIT WITH US DO NOT PAY INTEREST ON THE BOND AND MORTGAGE RECEIPT MAY BE CHARGED TO YOUR ACCOUNT WITHOUT BEING LOOKED AFTER BY YOU</p>	<p>SYRACUSE SAVINGS BANK MORTGAGE</p> <p>FOR FULL PAID BEGINNING JUNE 30, 1911</p> <p>LOAN NO. _____</p>
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LABOR-SAVING FORM OF INTEREST COUPON

strictly enforced, for non-payment of interest within ten days of January 1 and July 1; this necessitates, especially in the larger banks, the serving of a vast number of people in a few days. The system I found in vogue at our institution and from numerous inquiries I have been informed exists practically in all the banks, is as follows:

Receipts are made out and sorted alphabetically into a cabinet, this cabinet being divided into numerous pigeon-holes. The receipts are then ready for the teller. When the mortgagee calls at the window, the teller finds the receipt and from it makes a journal entry of loan number, name and amount, and then stamps the receipt paid. Of course there can be no consecutive order to the loan numbers of these entries; the first may be 100

name, loan number and amount. We found on the market a machine especially adapted to a receipt of this kind. It stamps both receipt and coupon, and cuts off and deposits the coupon in a receptacle from which it cannot be lost. This is all done automatically at one operation, making it unnecessary to touch the coupon, and furthermore, the receipt can not be stamped without cutting off the coupon.

After finding the receipt the teller can center his entire attention on receiving the payment and making change. The strain of making the journal entry and the chance of an erroneous entry is entirely obliterated. Hhurried entries at the window are the source of many mistakes.

These coupons are sorted numerically as to loan number, listed and footed

on an adding machine and are then in perfect shape for posting. It will be readily seen that there are three distinct advantages in the coupon receipt: (1) the saving of time, (2) the obliteration of erroneous journal entries, and (3) the great advantage of having all coupons in numerical order for posting.

From having handled both systems I know the latter to be far more expeditious and absolutely accurate.

ANNUAL REPORT MUTUAL SAVINGS BANKS SHOWS AN INCREASE IN AVERAGE ACCOUNTS

THE Comptroller of the Currency has issued a tabulation of the mutual savings banks in the United States. The tabulation shows the comparison between the conditions of 1911 and 1910. This statement is issued once a year.

Following is the tabulation of the condition of the mutual savings banks in the United States, as of June 7, 1911, and comparison with the returns on June 30, 1910:

RESOURCES.			
(000. omitted)	(638 banks) 1910.	†(633 banks) 1911.	Increase.
Loans	\$1,727,170	\$1,809,630	\$82,509
Bonds, stocks, etc.	1,676,149	1,715,510	39,367
Banking house, furniture and fixtures.....	34,447	36,398	1,950
Other real estate	8,755	9,073	317
Due from banks	134,236	154,773	20,536
Checks, cash items, etc.	1,950	2,270	311
Cash on hand	24,463	14,544	*9,910
Other resources	45,266	20,143	*25,122
Total	\$3,652,449	\$3,762,401	\$109,952
LIABILITIES.			
Surplus and profits	\$289,291	\$291,116	\$1,824
Due to banks	41	58	16
Deposits	3,360,563	3,460,575	100,011
Other liabilities	2,552	10,652	8,099
Total	\$3,652,449	\$3,762,401	\$109,952

*Decrease. †Decrease five banks.

Note—All but twenty-one of the mutual savings banks are in the New England and Eastern States; these twenty-one are located as follows: One in West Virginia, three in Ohio, five in Indiana, three in Wisconsin, eight in Minnesota and one in California. Number of depositors reported in 1910, 7,481,649, and average rate of interest paid on deposits, 3.92 per cent. On June 7, 1911, depositors reported numbered 7,493,458 and the interest paid averaged 3.78 per cent.

While the number of depositors has been increased by only 11,809, the average deposit account has increased from \$449.17 to \$461.81, or an average increase of \$12.64.

HOW TO OPERATE A SCHOOL SAVINGS BANK

UNDER this title a pamphlet has been prepared by W. H. Kniffin, Jr., Secretary of the Savings Bank Section of the American Bankers' Association, explaining the advantages of the school savings bank system.

This system was introduced into this country some twenty-five years ago by the late John H. Thiry, and has met with success.

It has not only tended to promote thrift among the children of the schools but has broadened the relations between the banks and the people.

Mr. Kniffin gives a clear explanation of the value of this means of cultivating thrift, and shows how the system may be adapted to meet local conditions.

FIFTY YEARS OF BRITISH POSTAL SAVINGS BANKS

FIFTY years ago, or a little over (September 16, 1861,), 300 postal savings banks were opened in Great Britain. An interesting account of the growth of these institutions appears in

the September number of the London Bankers' Magazine.

It is stated that the two main reasons that induced the State to undertake savings bank business were the incompetent management and inadequate facilities of the smaller trustee banks. Many defalcations had taken place during the years 1833-1860, and had wrought incalculable moral mischief on thousands of the working classes. There was very little encouragement to save, hence agitation was set afoot for State control.

Of the 638 trustee banks in existence in 1861 about one-half were only open for one day a week, and a large number of towns were even without any kind of savings bank.

Prior to 1861 repeated attempts had been made to strengthen the responsibilities of the trustees and managers of the trustee banks, but the attempts were always resisted. Important measures for greater control over the trustee banks were introduced by the Government in 1848, 1850, 1853 and 1857, but on each occasion were met with such opposition that they had to be withdrawn. In 1858 a select committee was appointed to enquire into the whole question, but the committee confined

itself mainly to the financial questions connected with the investment of moneys received from savings banks, and not chiefly to the internal management of the banks themselves, as was expected of it. In despair, on February 8, 1861, Mr. Gladstone introduced a measure for the establishment of the Post Office Savings Bank, and on May 17, 1861, the Post Office Savings Banks Act was passed. When introducing the measure, he stated that the establishment of savings banks had undoubtedly been of immense service to the country, but while it was the wish of the Government so to improve their constitution as to render them still more advantageous, the mode of so doing was a problem which they had found extremely difficult to solve. The main question, that of liability of the trustees to the depositors, was one which had up to that time baffled the skill of those who had attempted to deal with it. Under these circumstances they proposed to avail themselves of another description of machinery already in existence, namely, the Post Office.

In 1909 there were 15,296 offices receiving deposits, and 7,913,000 accounts open. The amount of deposits at the close of 1910 was £46,206,000.

TEST OF THREE AND ONE-HALF PER CENT. INTEREST

By Charles E. Sprague, President Union Dime Savings Bank of New York

IN the June number of THE BANKERS MAGAZINE (pages 726, 727) was shown a method of proving to the eighth of a cent the calculation of the interest on a page of the trial balance of a savings bank. Doubtless the majority of those (if any) who read it thought it very trifling to attempt such minute accuracy. But the article referred to did not tell the whole story. The arrangement of the interest there shown with the odd eighths of a cent alongside, furnishes a delicate and well-

nigh perfect check on the accuracy of the multiplications by .0175 or .00875.

The rule is as follows:

The interest, plus or minus the fractional figure, must be divisible by seven.

Our interest tables contain the fractional figure in small type to the right of the interest. Thus opposite \$975, in our six months' tables, appears the interest \$17.06², meaning \$17.06 and 2-8 or $\frac{1}{4}$; $17.06 + 2 = 17.08$; $17.08 \div 7 = 2.44$.

If the interest for three months be

This method has been in use in the Union Dime for over ten years. It was at first regarded merely as an arithmetical curiosity, but was taken up by the clerks and immediately became the standard way of proving the interest. When the interest has been found correct or corrected, the total page is easily proved.

If the interest on a certain account gives a fraction over $\frac{1}{2}$ cent ($\frac{5}{8}$, 6-8, $\frac{7}{8}$) the depositor gets an additional cent; if only $\frac{1}{8}$, 2-8, $\frac{3}{8}$, or even 4-8, the bank takes it. The gain in aggregate on \$32,000,000 for a half year is about \$80, or .00025 of 1 per cent.

If, instead of tables, the admirable method of "halving and quartering" be

used, the test of dividing by seven still applies:

546 for six months	5.46
	2.73
	1.365
	7)9.555
	1.365
546 for three months	2.73
	1.365
	6825
	7)4.7775
	6825

I hope I have shown the utility, rather than futility, of the column of fractions. If the division by seven gives a remainder, there is some error in arithmetic; that is absolutely certain.

PRACTICAL BANKING

THE GRANTING OF CREDIT

By Louis N. Roe, of the National City Bank of New York

A BANK'S credit must be granted with due regard for the rights of depositors, stockholders, the community at large, and the applicant for credit.

As most of the deposits are payable on demand, there should be a constant stream of payments coming in to provide for any unusual demand for the repayment of such deposits. Loans should be made for short terms and should have for underlying security wealth which can readily be turned into hard cash.

Even if a bank's clientele does not include any dealers in stocks or bonds, time loans, with this form of wealth as security, may be made in the open market when there is not sufficient demand among depositors profitably to employ all its loanable funds. Not only should the market value of such collateral be sufficient to provide an ample margin, say twenty per cent., against depreciation, but it should also

be of various issues, so that should one suddenly decline in value, others, not subject to the same influences, would maintain the total value sufficiently to enable the bank to protect itself.

When a lull in the demand from depositors for credit appears merely temporary, loans payable on demand, with the same ample security, are a profitable means for the employment of idle funds.

If current rates for time and demand collateral loans are unattractive, the purchase of "bought paper," notes issued by large and well managed mercantile concerns of the highest standing, often affords the best means for the employment of surplus money.

Measures now under consideration by bank examiners in various jurisdictions will, when enforced, make this a still more attractive investment field.

When, however, depositors who are good risks ask for credit, their demands

should be first complied with, and the temptation to seek higher rates in loans to outsiders should, under these circumstances, be firmly resisted. Accommodation must be first afforded to those who at other seasons help to swell the loanable funds of the bank.

SAFE INVESTMENTS.

The buying of paper and the discount of customers' notes have usually proven to be the safest means of investing the funds at the disposal of the banker. Loans of this character have a double security: First, the promise of the endorser, who has been found, after investigation, to be worthy of credit, and, secondly, the promise of the maker of the note, who has been deemed worthy of credit by the endorser. Should the paper be "single name," this second security will consist of the goods themselves, which are in the possession of the maker of the note or of his customers.

While the duty of the banker is first to the depositors who have intrusted their money to his safekeeping, yet he must also consider the rights of the stockholders who employ him.

The best altruism is identical with the most enlightened self interest, and to promote a wild speculation in a commodity by loans based on a fictitious value is as unwise, because of the danger of losses to the institution, as it is hurtful to the community at large. But when inevitable contraction has succeeded to undue expansion of credit, the time for courage has arrived, and with it the wisdom of extending to customers the credit needed at such a critical time; for the wise use of the funds made available by the care exercised in the granting of loans, with just this contingency in view.

KEEPING TABS ON THE BORROWER.

Let us suppose, that with due regard for the rights of others, it is desirable to loan the amount asked for and that the rate of interest is acceptable both

to the bank and to the applicant for a loan.

We are now brought face to face with this proposition: Does all the information at our command lead us to decide that the proposed loan will be paid at its maturity? This information will reach us through various channels.

If the applicant is a depositor, our records will disclose his balance at present and, say, for the past year. The usual rule is to fix the maximum of credit to be granted at five times the average balance. A careful study of the vouchers not yet returned will often yield valuable information as to a customer's business relations and private expenses.

Properly kept credit files will show whether or not he has any judgments against him or mortgages on his property, and the credit already granted to others in the same line of business. If the bank's clientele is widely scattered, the bank's records should also show the loans made in each State or city. Recent events have demonstrated that severe depression may occur in one part of the country while other sections continue prosperous; which leads us to the conclusion that loans should be as widely diversified as possible, both as to place and as to industry.

Until a comparatively recent date the chief sources of information regarding a borrower were his balance; the records of the bank and the references which he gave, supplemented by some general statements regarding the condition of his business. But modern conditions have brought forth two means of satisfying their necessities—commercial agencies and detailed statements made by the borrowers themselves.

The functions of commercial agencies are too well known to require much comment. Their activities are so wide in scope and so minute in details, and their powers of punishing those making untruthful statements are so subtle and far reaching that the reports which they furnish more than keep pace with the increasing intricacies of business relations.

SOURCES OF INFORMATION.

We will suppose that our commercial agency has furnished a favorable report as to the character of the borrower and his past record for meeting his obligations promptly.

We must now decide whether he will, beyond a reasonable doubt, be able as well as willing to repay the loan before us at its maturity.

A statement of his financial condition has been submitted by our applicant, approximately according to the following form, and we must carefully examine it, with the terms of the personal equation continually in mind:

to the total of current liabilities as two is to one.

ESTIMATING VALUES.

Our estimate of the market value of merchandise will largely depend upon its character. If it consists of staple goods its value will decline but slightly, but the value of the fancy goods or novelties will be maintained as a rule for but one season and a reduced estimate of net worth will be necessary to allow for depreciation in the possible volume of goods undisposed of during the current season.

A glance at the recent course of com-

NAME

Cash
Accounts Receivable
Notes "
Merchandise
Raw Material

Accounts Payable
Notes Payable

Quick Assets

Real Estate
Plant
Machinery & Fixtures
Total Assets

Current Liabilities

Mortgage on Real Estate
Contingent Liabilities

Total Liabilities

The amount of cash should be considered in its relation to the total of current liabilities, and should equal, say, ten per cent. of that total, so that in the event of collections proving slow, it will be possible temporarily to meet maturing obligations by drawing on that fund until renewals of loans can be obtained.

In a purely wholesaling business an approximate equality between the total of bills and accounts receivable on the one hand, and merchandise and raw material on the other, is usually the sign of a healthy condition. It shows that their stock is moving quickly, and not depreciating in value on their shelves. But where the business is one of manufacturing, a large amount of raw material usually indicates that the concern is buying largely when prices are low, thus promising a large profit with little risk of loss, since raw material seldom declines rapidly in value.

The total of quick assets should be

modity prices in the line of business under consideration will enable us to arrive at a close estimate of the present value of raw material. Real estate presents an intricate and difficult problem. It is, generally speaking, only an available asset in the event of bankruptcy, for if the business continues it must be retained. In the former event it loses its peculiar value as the site of the establishment and retains only that equal to the price another will pay for it, which is usually much less. It forms part of a second line of defence which cannot be counted upon to pay current debts of which our loan will form part.

Machinery and fixtures and plant are still more subject to these depreciating influences as they are worth comparatively nothing in another business.

With these considerations in mind we can arrive at a fairly accurate estimate of the market value of total assets, subtracting from this the amount of total liabilities, we shall have our estimate

of the net worth. Our loan should not as a rule exceed thirty per cent. of this amount in the case of bought paper.

REQUIRING CLOSE SCRUTINY.

A large mortgage may destroy all equity in the real estate in the event of foreclosure and is a danger signal.

Contingent liabilities should be closely scrutinized. Accommodation endorsements may easily become absolute liabilities, or a demand note held by a partner to secure advances may take all the cash so as to prevent payment of our loan when it falls due.

The statement which presents the best outward appearance may, however, be but a whited sepulchre, concealing dry rot and decay, or be but a cloak for the greatest irregularities.

Wide knowledge of human nature and close acquaintance with the character of the business management is necessary to reach a correct judgment as to the soundness of the risk under consideration.

A most important asset is the good character of the man or men at the head of the business, their reputation

among their associates, creditors and customers for prompt fulfillment of obligations, character of goods sold, and personal habits.

CO-OPERATION OF THE BORROWER.

A large industrial corporation has recently appointed a trust company as its registrar, and has given notice that notes will not be considered as an obligation of the company except when the signature endorsement or acceptance of the company has been countersigned by the registrar. A statement of the amount of the obligations so registered will be furnished by the registrar on the application of any banking institution desirous of purchasing such notes. This will no doubt result in securing more favorable consideration for the company's paper, and thus cause other large borrowers in the open market to adopt similar means of insuring purchasers of their obligations against any misrepresentation of the amount of such obligations in their statement of conditions. Severe competition and wide publicity are making more and more difficult the success of the trickster and the prodigal.

THE "NEW ACCOUNT" DEPARTMENT

By J. H. Griffith

A THOROUGHLY organized "new account" department is a most important adjunct to a modern bank or trust company of any considerable size. The name "New Account Department" is not perhaps a good one. A "Diplomatic" Department would be more comprehensive and descriptive. The work which should be allotted to such a department requires an immense amount of tact, or diplomacy, knowledge of banking and general business experience.

The function of the department should include the soliciting of new accounts, the investigation of all closed accounts, the looking up of the refer-

ences of new depositors, the sending out to depositors or those likely to become such quarterly or annual statements and such other souvenirs or literature as may be considered advisable and possibly the placing of the advertising of the institution.

In the first place the department should be in charge of an executive officer of the bank, and he should have at least one good stenographer and as many representatives as may be required. It is the function of the head of the department to make things run smoothly and to create a good impression with the public. It should not be his duty to pass upon loans or come

into contact with the public from the clerical side of the business, except where there has arisen some source of friction which may be smoothed over. No matter what the troubles between customers and other departments may be, he should see only the agreeable, the optimistic side of everything. An officer to whom a customer may go for an explanation of a misunderstanding or the correction of an error without appealing to the president or someone high in authority. This department should be intrusted only to an ex-

upon. This will prevent a lot of wasted energy, if nothing worse. This list, preferably a card index, should contain all available information regarding the possible customer and should be frequently revised. The chief sources of new accounts are business men who move into the neighborhood (they will sooner or later want to do business with a nearby bank), the estates of deceased persons, special funds and people who for some reason find it necessary to open a new bank account.

Now it is very easy to get the ac-

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1909	1910	1911											
FIRM																																Letter File																									
Name																																Gen. File																									
Address																City															State															Phone No.											
Business																Introduced By															Date Opened																										
Solicited By																SOLICITOR'S SIGNATURE																																									
Solicited by Mail																																																									
Replies																																																									
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References																Average Balance															Mo.																										

•A.

perienced man, thoroughly familiar with all the details of banking, and at the same time of pleasing manners and with a temperament to inspire confidence.

The chief business of the department should be getting new business. It is now conceded that it pays to solicit bank accounts, and practically all the large banks are doing it in one way or another. At the outset it is necessary, of course, to decide whom to solicit. It creates a bad impression for a solicitor to call upon a customer of the bank, or an officer or director of a rival institution. It is by far the better plan to have a carefully revised list of eligible people to circularize and call

counts of dissatisfied customers of other banks—persons who have applied for loans and failed to get them, or who have had checks returned for insufficient funds, etc., etc., but such customers should be very carefully scrutinized and are seldom satisfactory patrons. Another class of undesirable customers are people who fancy a bank account will help their credit, but who really have no idle funds to leave as a basic balance to pay for carrying the account. Really desirable accounts are much more difficult to obtain and require an immense amount of patience, persistence and diplomacy on the part of the solicitor, backed by the reputation of the institution.

By no means the least important work of the department is the investigation of and report on all closed accounts. In many cases a little diplomacy, with perhaps the adjustment of a trifling error or misunderstanding, may retain the account or secure its reopening.

Another important work is the securing of signatures, the obtaining of necessary legal documents in the case of corporations and estates and other important outside matters which require diplomacy and experience.

The function of the department having been determined, the next question is as to its organization and methods. In the first place a complete card index system is advisable. These cards should include the names of practically all of the business men and estates in the vicinity of the bank, together with as much available data as possible. It is usually advisable to classify corporations, firms, estates and individuals separately. As soon as an account is opened, the card containing the customer's name should be taken from the general list and put with the opened accounts. When an account is closed, it should be taken from the case of opened accounts and after a proper memoranda is made upon it, it should be filed by itself. It should be the object of the department to have this file as small as possible.

The general list should be kept sufficiently alive to be worth sending statements and circulars to quarterly or at frequent intervals. It requires con-

stant attention to have names taken out or put in, as the case may be.

Regarding the actual work of the department, it is as yet an undecided question as to whether it pays to solicit bank accounts indiscriminately or only to follow up leads, such as answers to circulars, the legal representatives of decedents, as shown at the surrogate's office, and the like. However that may be, there is ample work for an able solicitor along lines which are known to be profitable. The work of the solicitors should be carefully tabulated and memoranda made each day on the cards and a follow-up system devised.

It is a question as to the best form of compensating the manager of such a department or the solicitors under him. Some banks have paid a commission as high as one per cent. in perpetuity on all accounts traceable to the department, but this is a very unsatisfactory system, since it leaves such a wide loophole for difference as to the credit of getting new accounts or re-viving closed ones. The most satisfactory system is a reasonable salary, dependant partially at least upon the work accomplished from year to year.

Such a department, considering the variety of work performed and its general advantage to a bank, should be well worth one per cent. upon the total new business obtained or old business retained. Under average conditions, in our larger cities a well managed new account department should bring to a reputable bank at least a million dollars a year.

FORGERIES

MONTH after month and year after year the bankers' associations of the different States send out "warning" notices to their members, describing forgers and their methods and where they are "wanted." Also, the daily papers are continually telling of checks returned to merchants in their city, marked "no funds," upon which some person received goods and the "balance in cash." In a majority of such cases the loss to the bank or mer-

chant is entirely due to carelessness. In some hotel offices a notice is posted to the effect that checks or drafts will not be cashed under any circumstances. If all banks and merchants would adopt an iron-clad rule that no personal checks will be cashed unless endorsed by some responsible person, forging as an occupation would decline into profitlessness, and the "warning" notices of the bankers' associations would be discontinued.—Commercial West.

INVESTMENTS

Conducted by Franklin Escher

STABILITY OF REAL ESTATE SECURITIES

By Joseph Osler, President Fifth Avenue Bond & Mortgage Co.

WHEN you stop to think of it, stability and certainty are the most important elements of an investment, as they are of any business. An investor wants something that he can count on. A few dollars more a year of income does not pay for constant anxiety and uncertainty and the risk of partial or total loss. When a man knows that his investment is at all times and under all conditions safe, and that he can look forward with the same positive assurance to the receipt of his interest as he looks forward to the return of the seasons, his mind is relieved of worry and he is free to devote his whole energy and thought to the occupation in which he may be engaged.

The word "speculator," as applied to the ordinary individual, is synonymous with "loser"; but the worst feature of any speculation is, as a rule, not the actual loss of money incurred, but the dissipation of time and energy spent in *thinking* about the speculation—when that same time and thought could be devoted with vastly more profit to the legitimate business or occupation in which the speculator is engaged.

The amount of capital for investment in the United States is piling up rapidly year by year. The business of providing a means for the profitable outlay of this growing surplus is constantly increasing in importance and scope. Yet to those who have not had the opportunity of acquiring a broad knowledge of the whole investment field, the problem of investing surplus or savings where the element of safety is permanent and where the largest income compatible with safety may be secured is a serious problem.

CONFUSION IN THE INVESTMENT MARKETS.

The investment markets in the United States are constantly in a state of

change and turmoil. The confusion has apparently become greater instead of less in recent years and months. Railroad bonds and shares no sooner reached a position where they were recognized as stable investments than in response to public and political clamor, the Government broadened its supervision and tightened its control, until no class of investment in the United States is, in the public mind, more fully surrounded by uncertainty than railroads.

The large industrial corporations had reached what was generally considered a stable investment basis. The recent action of the Supreme Court of the United States in curtailing the operations of two of the largest of these and the uncertainty of the construction of the law upon which this action was based, has naturally, and no doubt properly, caused the public to withhold its support from other corporations of a similar character.

The constant activity of Congress in the revision of the tariff and the prospect of still greater activity in this direction has placed smaller industrial enterprises in the same position with reference to the sale of their securities as that in which the larger enterprises have been placed.

Another class of investment securities, those of public utility corporations, has met with favor, but even these are subject to the action of State and city governments; and these actions crystallize from agitation which may, in itself, be extreme and unwarranted.

THE LOGICAL CHANNEL.

Yet here are millions of dollars to invest—money that should be paying its owners a positive and substantial return—and the question is, into what channel should this money logically flow?

The answer to this question is found

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase.

The Stocks of the older Companies sell, in many cases, as high or higher than the best Railroad Stocks and are more closely held.

We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

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in the increasing popularity of securities based upon real estate. In a first-class security of this type, the chief danger which an investor wishes to avoid—fluctuation—is eliminated. The value of a city block is not affected by the rulings of the Interstate Commerce Commission; by corporation or tariff legislation; by the actions of State legislators or city boards of aldermen. All things considered, real estate is less likely to fluctuate than any other property. In a growing section of a growing city, the security of a real estate investment is enhanced by a sure and frequently a rapid rise in value.

Hitherto real estate investments of this class have been available only to men of large means, because the sums involved in operations of this class were nearly always large amounts. But bankers and investment experts whose business it is to supply the growing demand for the right sort of investment securities, have seen that in the real estate field there is an opportunity which, owing to the various conditions to which I have previously referred, cannot be found elsewhere.

CAREFUL SCRUTINY NECESSARY.

There has, therefore, been created a form of real estate security which provides what many believe to be an ideal channel for an investor's surplus. This usually takes the form of bonds, and

these bonds are sometimes issued in denominations as low as \$100. The security for the bonds is real estate. But even here, an investor should use careful scrutiny. The most common form of real estate bond is a debenture. This may be simply an unsecured note or written promise by a company to pay a certain amount of money within a certain time at a certain rate of interest.

While these securities are called "bonds," they are not in reality bonds as usually understood. It is generally assumed that a bond has direct security back of it; that if the interest of a bond or the principal are not paid, the owner of the bond may foreclose and take possession of the security. A person who buys what is in reality merely a debenture, but which is called a "bond" by the seller is, therefore, likely to make his investment under a misapprehension.

Another very popular class of real estate bond is that secured by a second mortgage. These are called "mortgage bonds." But the seller does not usually specify that they are *second* mortgage bonds and the purchaser is likely to jump to the conclusion that they are *first* mortgage bonds. A real estate company frequently buys a piece of property and secures a loan from a large institution on that property in order to improve it. This first loan is protected by a first mortgage.

The real estate company then issues

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a second mortgage for the purpose of making further improvements; and this second mortgage is represented by securities which are offered to investors. Of course, if there is sufficient margin between the value of the property and the amount of the first mortgage, the second mortgage is an absolutely safe security; but there is always the danger of the security back of such mortgage being insufficient to cover the amount of money obtained through the sale of bonds based upon a second mortgage.

FIRST MORTGAGE BONDS.

The only real estate bond which can be purchased with the absolute assurance of safety and permanency and from which the element of speculation is wholly eliminated, is a first mortgage bond. It goes without saying that bonds of this class upon the choicest business property of any city do not pay a rate of interest greater than four or four and one-half per cent. It is possible sometimes to obtain a higher rate than this where such a bond is backed by a first mortgage on suburban property.

The chief point to be considered in making an investment in such a bond is that the real estate which is mortgaged, and which mortgage is represented by a bond, should be in a locality where values are increasing.

The chief element in determining the value of suburban property is its facilities for convenient transportation to the business center. In New York City,

for instance, suburban property which has grown most rapidly in value and which promises still greater increase is that which has been furnished transportation by the extension of the subways, and notably by the construction of tunnels under the East River by the Pennsylvania Railroad, which has furnished quick transportation to certain sections of Long Island.

A first mortgage on property of this character may be looked upon to be just as safe as a first mortgage upon business property. In cases where immediate transportation increases the desirability of such property for residence purposes, suburban real estate is likely to advance much more rapidly than business real estate. If an opportunity is provided the investor to secure with a first mortgage on suburban real estate of this character a participating feature which will permit him to share in the rising profits, he is particularly fortunate.

In summing up, my advice to investors during these times is to put their money into real estate securities. These securities should be backed by a first mortgage. If this mortgage is upon suburban property, you will likely be able to secure a much higher rate of interest than would be the case if it were upon business property. If, in addition to the bond representing a first mortgage you can participate in the profits, it is to your advantage to do so.

J. K. Rice, Jr., & Co.

We have good markets in unlisted and inactive securities and respectfully invite inquiries.

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SIX GROUPS OF BONDS*

By Franklin Escher

IT may be set down as a general principle that, under normal conditions, bonds having a fairly active market sell for about what they are worth. There are times, of course, when the bond market as a whole is depressed and when good bonds sell at figures below their true value, but the appraisal of bond-values has come to be so exact a science that unless conditions are very much disturbed, most bonds will be found selling not far from their underlying value. Should there be a rise in the price of any particular issue to considerably above true investment value, selling by those who realize the exceptional opportunity will soon enough tend to bring about a readjustment. Should the price, on the other hand, fall decidedly below what the bond is intrinsically worth, investment dealers will not be slow to take advantage of the fact.

The most reasonable classification of bonds, therefore, is not according to *kind*, but according to *yield*. It is impossible to say that a public service corporation bond is better than an industrial bond or that the bond of a railroad is worth more than the bond issued by a municipality. There are industrial bonds as good as the best of railroad bonds, and, again, there

are municipals far less safe than the most loosely-secured railroad and industrial issues. Each bond must be judged on its own merits. And, as public opinion and the expert appraisal of the bond-dealer may be relied upon to make a bond sell fairly close to what it is worth, division according to established market price is the most reasonable and satisfactory.

As bonds yield anywhere between three and one-half and six and one-half per cent., they might be divided into an almost indefinite number of classes, but in actual market practice six great groups are recognized. They are as follows:

Group 1. Bonds yielding less than four per cent.

Group 2. Bonds yielding between four and four and one-quarter per cent.

Group 3. Bonds yielding between four and one-quarter and four and three-quarters per cent.

Group 4. Bonds yielding between four and three-quarters and five and one-half per cent.

Group 5. Bonds yielding between five and one-half and six per cent.

Group 6. Bonds yielding more than six per cent.

THE FIRST GROUP.

Of the first group of bonds mentioned, it may be said at the very out-

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Bond Dept.

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set that while the total volume of such securities is very large, investors' interest in them is comparatively limited. The government, municipal, State, and very high grade railroad bonds making up this class have but little attraction for the individual investor. Now and then an investor appears who will only consider putting his money into this class of bond. That, however, is the exception, and where the average investor is at all interested, it is usually only for the purpose of "salt-ing away" a part of what he has in something which is so absolutely safe that he knows he will have to give it no further attention. A fair proportion of some of the very large fortunes, too, is invested this way, so as to give the owner as little concern as possible, but as a general thing the market for bonds yielding less than four per cent. is with the banks, insurance companies, and other institutions. United States Government bonds, for example, are held almost entirely by the national banks, while other banks and trust companies hold the greater part of the State bonds issued, as well as high grade municipal issues.

THE SECOND GROUP ALSO SAFE.

Coming down to the second class of bonds, those netting between four and four and one-quarter per cent., we still find the principal market among the savings banks and other institutions, but with the general investing public interested to a much greater degree. In this class come many of the better municipals, but the bulk of the group is made up of railroad issues—most of them old, underlying first

mortgages on the main lines of the country's great railways. Included in this class, however, are a number of "general" mortgage issues which, by virtue of the underlying first mortgages having matured and been paid off, are just as safe as though they were called "first mortgage bonds."

Nearly every railroad in the country has bonds of this sort outstanding. In some cases roads which have not done particularly well—whose stocks, for instance, have never been on a dividend basis—have outstanding small issues of first mortgage bonds which sell on as high a basis as the bonds of the biggest and most prosperous systems. Everything depends on the bond itself. If it is a small, "closed" first mortgage and is a prior lien on everything the road has, it does not make much difference whether or not the road is able to earn enough to pay dividends on its stocks.

A large number of bonds traded in on the New York Stock Exchange are typical of this class. All through the bond-list there are to be found issues which are first mortgages on the different railroad systems, and which sell in the upper nineties. Sometimes, during long periods of cheap money, these bonds rise above par and thus net the buyer less than four per cent., but as a rule they are to be had at between ninety-six and ninety-nine.

Of securities of this class, the savings banks are naturally very heavy buyers, but there is also a large amount of individual investment continually going on. For the active man of business, in touch with affairs and able to study investment values, there is nothing particularly attractive in a first



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mortgage bond yielding four or four and one-quarter per cent., but there are many investors not so placed and whose investment requirements are admirably filled by bonds just of this class. Again, some of the shrewdest business men in the country make a practice of keeping a part of their fortunes always invested in securities of this sort—which fluctuate but little even during times of depression, and which have at all times a reasonably quick market, and which can at any time be converted into ready cash to take advantage of any investment opportunity which may come along.

THE THIRD GROUP.

The third class of bonds consists of those yielding anywhere from four and one-quarter to four and three-quarters per cent., and is made up for the most part of railroad issues which, while not sufficiently attractive for savings bank investment, are safe enough for the ordinary investor.

A typical bond of this class is the Chicago, Rock Island & Pacific first and refunding "four" maturing in 1934. A first mortgage on about a thousand miles of road, and a general mortgage on a large amount of other valuable property, this bond, because of the large size of the issue and the fact that it is preceded by so many other "divisional firsts," sells in the market on a basis to net considerably more than four and one-half per cent. Such a bond is entirely desirable for

the investment of the business man's surplus. In buying a security of this class, of course, knowledge of the property is necessary, but the ability to judge is by no means beyond the man of ordinary business experience and intelligence. He takes more of a risk, without doubt, than if he were buying a Pennsylvania first mortgage "four," but the risk is entirely legitimate and means an income considerably in excess of the amount to be derived from bonds of the savings bank class. There is, furthermore, the chance that intelligent investment in bonds of this kind will result not only in a steady income, but also in considerable appreciation of the principal involved. Because of the maturing of prior liens various bonds in this group are continually attaining an increasingly better investment standing, and, not infrequently, during the course of a few years, move up into the savings bank class.

FOURTH GROUP INVOLVES A SLIGHT RISK.

The fourth class of bonds is made up of those yielding from four and three-quarters to five and one-half per cent., and embraces "blanket mortgage," collateral-trust, and railroad debenture bonds, as well as good public service corporation issues and the highest grade of industrial bonds.

A typical bond in the railroad division of this group is the Southern Railway development and general "four," issued under a \$200,000,000

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

blanket mortgage covering all the Southern's property not subject to prior lien. The mortgage feature of a bond of this sort does not amount to much. Years after it has been issued, and when underlying bonds have to a great extent matured and been paid off, such a bond may assume a real value from a mortgage standpoint, but for a good while after the time of issue, such a bond ranks rather as a debenture. The debenture of a good solvent corporation, however, while not suitable for the investment of trust funds, has many desirable investment features. In the event of the road's being sold under the hammer there would probably remain little if anything for the holders of these bonds after the holders of the many prior liens had been satisfied, but the chances of a railroad's being allowed to go into bankruptcy are not great. If earnings are satisfactory and have been enough over a long series of years to take care of the bond-interest, the chances are that there will be no default in the payment of the coupon on any class of the road's bonds.

Of the public service corporation bonds in this group, the New Amsterdam Gas "fives" which are a first mortgage on an important subsidiary of the Consolidated Gas Co. of New York City, are as typical as any. Because of the fact that the public is only beginning to become educated in the investment value of public service corporation bonds, securities of this class do not sell, as a general rule, at the price to which they are entitled. Many an excellent bond of this kind, thoroughly adapted to the investment needs of the conservative man of business, is to be had in the open market to net the buyer well over five per cent.

Of the high grade industrial bonds in this group, none are more representa-

tive than the Union Steel Co. "fives"—principal and interest guaranteed by the United States Steel Corporation. Wherever a valuable industrial plant has been taken over by some one of the big industrial combinations and the interest on the bonds of the subsidiaries guaranteed in this way, there is always a chance for the discriminating investor who is willing to consider a bond on its merits.

INVESTMENT IN FIFTH CLASS DEMANDS CARE.

The four classes of bonds dealt with thus far present no great risk to the buyer of ordinary discrimination and intelligence. When, however, one considers buying bonds netting over five and one-half per cent., the greatest care and the soundest judgment are necessary. Among the industrials and the public service corporation bonds which comprise the fifth class there are investment opportunities of great promise, but securities of this sort are only for the investment of funds which are "surplus" in the true sense of the word and should be shunned by the inexperienced. In buying industrial bonds which net around six per cent. no effort should be spared in studying the actual value of the property as well as its demonstrated earning power.

THE SIXTH CLASS.

The sixth and last class of bonds, those netting upwards of six per cent., should only be considered with full understanding of the fact that six per cent. is a high rate of interest for any corporation to pay for money; the fact that the corporation has to pay that much means that there is more or less question about the security of the bonds it has to offer. New enterprises of even the highest merit have, it is true,

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FIRST NAT'L BANK BLDG., CINCINNATI, O.

to be financed with money borrowed at a high rate of interest, but new enterprises are hardly a reasonable medium for the investment of the surplus money of the average investor. Possessed of special knowledge concerning the affairs of some new irrigation scheme or power proposition, it may be all very well for the investor to put in his money, but in the vast majority of cases, projects of this sort involve an amount of risk which the ordinary buyer of bonds has no business to take. The very fact that the company is will-

ing to pay him six per cent. for the use of his money and not improbably throw in a stock bonus besides, ought to be enough to make him especially cautious in his attitude toward the proposition.

In most cases indeed, a purchase of bonds of this sixth class is not an investment at all but simply speculation. If the company is a success and makes money the securities will be worth money. But in genuine investment there is no "if" of this sort. Demonstrated earning power is an absolute prerequisite.

INCOME TAX VERSUS TARIFF

By Frederic Drew Bond

THOUGH the movement in favor of an income tax has proceeded hand-in-hand with the movement to reduce the tariff, the connection between the two facts has been little adverted to, even by strong Democratic partisans. Indeed, the occurrence of the two movements at the same time must be put down more to the general logic of events than to any special provision on the part either of Democrats or of anyone else. Yet, not only are the two movements merely different phases of one general economic trend, but they have an actual concrete relation of the most important sort, and one which, it is to be suspected, will shortly come to the fore in the general discussion of the matter which is now opening.

For the fact is, that the income tax comes at just the psychological moment as the substitute for our antiquated tariff. It means the modernizing of our fiscal system along the lines which near-

ly every civilized country in the world has already adopted.

More than one hundred years ago, in the famous "Wealth of Nations," Adam Smith showed that the proper thing for a nation to do is to direct its wealth into those channels which its natural products, climate, geography and its relations with other nations showed it to be best adapted to. The movement in favor of free trade in England—which first influenced legislation about 1842 and which reached its full success by 1860—has gone hand-in-hand with the introduction of an income tax. It is true that from 1799 till the end of the Napoleonic Wars there had been an income tax in Great Britain, but this was simply a war measure. In 1842 the tax was introduced from general economic motives and with various changes in detail has been on the statute books ever since. Except France and Belgium, there is hardly, at present, a sin-

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gle enlightened nation in the world outside of the United States which does not use an income tax to defray its expenses more or less.

Austria has had such a tax since 1849, Italy since 1864, Saxony since 1874, Prussia adopted the tax in 1891, Holland in 1893, Denmark in 1903, Spain in 1900, Bavaria in 1900, and Wurtemberg in 1905. An income tax obtains also in Switzerland and in Norway as well as in Cape Colony, New South Wales, Queensland, Victoria, Tasmania and New Zealand. It has been tried and approved by countries of the most diverse sorts of government, from that of a socialistic republic like New Zealand to that of a staid old kingdom like Saxony and Bavaria. It is true that many of these countries have still relics of tariffs, but mostly such tariffs are for purposes of revenue and not for "protection." Not one of these countries has any such tariff wall about it as our present tariff affords.

IN PLACE OF THE TARIFF.

That the income tax is coming among us at the time when a reciprocity treaty is about to be closed with Canada enables it to be hailed as the substitute for our worn-out tariff. The tariff in America, so far as it has been for "protection," has been the outcome of class selfishness, aided here and there by half-baked dabbings in political economy dished up in a subservient press. It seems astonishing that with us this elsewhere almost obsolete idea of deliberately handicapping three-fourths or more of the population to serve the remainder should obtain. Certain manufacturing interests, their laborers, and certain farming interests are the beneficiaries of a system for which the entire rest of the country pays the piper.

As an income tax will be far less of

a burden to members even of the great manufacturing classes, individually, than is the indirect tariff tax, it may be readily inferred that the entire opposition to the imposition of this sort of tax comes from sources where the gain from tariff-fostered investments is immensely larger than the personal losses which the tariff inflicts. It may be well, therefore, to contrast the working of the two sorts of taxes and show exactly where is the chief incidence of each.

WHO BEARS THE BRUNT OF THE TARIFF?

Where the brunt of our present tariff falls is clear to all: It falls on the consumer and, above all, on the consumer of fixed income, either from investment or from his work. Chiefly, it concerns the necessities of life—food, clothing. On other things it is more or less optional whether anyone cares to undergo it or not. But it should be noticed also that there is a vast host of articles which are used in some machinery or in some process leading directly or indirectly to the production of vital necessities and that these, too, are taxed under the tariff. One has only to glance through the voluminous list of articles taxed to be aware of this, almost at a glance. Now for the family man with \$20,000 a year income down to the laborer with \$500 or \$600 a year, our tariff consumes probably from about ten per cent. to twenty per cent. of total income. On the other hand, the wealthy man with capital of half a million and upward—the sort of man who makes up the class which controls more than half the country's riches—on this sort of man the tariff weighs scarcely at all, so small is the ratio of his expenditures for the necessities of life to the total of his income. It would be hard to find a situation more alien

than ours from that where a just incidence of taxation obtains as stated by Adam Smith: "The subjects of every State ought to contribute to the support of the Government as nearly as possible in proportion to their respective abilities: that is, in proportion to the revenues which they respectively enjoy under the protection of the State."

WHERE THE WEIGHT OF THE INCOME TAX WILL FALL.

With our situation under the tariff let us contrast how an income tax works out. As yet, it is not known exactly how Congress when it receives the power will deal with the details of this matter. The proposition, however, which has been most generally discussed with favor and which will probably be adopted, as far at least as its general features are concerned, runs something like this: The tax is to be started on incomes of \$5,000 a year at two per cent., or \$100 annually. This means that the man whose business or whose capital nets him less than \$5,000 a year will have nothing to pay whatever. Between incomes of \$5,000 and \$10,000 yearly it is expected that the same rate of two per cent. will be used in the levy. From \$10,000 up to \$80,000 a year the rate will probably be graded up to five per cent. From \$80,000 to \$100,000 a year incomes will be taxed at this five per cent. rate, and those of \$100,000 and above at the maximum rate, or six per cent. This tax will fall on the total income of the individual from whatever source derived (though, probably Government securities will not be taxed in this connection). Real estate, real estate mortgages, bank deposits, dividends, bond interest, and large salaries will be all equally affected. In all probability, the plan of collection will be, as far as possible, that adopted in Great Britain and called "collection at the source." That is, the tax is deducted from fixed investments before the return reaches the owner. It is true that here is a feature repugnant to Americans—namely, the inquisitorial part of the plan—every-

one must say what he possesses. But it's an old saying that one cannot have his cake and eat it, too. America has permitted the growth of fortunes of a sort unknown in previous ages and has allowed vast economic power to collect in a few hands. Only in the last few years has the country awakened and taken steps to remedy this state of things, as far as it possibly can now be done. Of such steps the income tax is the best, and the country must be prepared to endure this small discomfort attached to it.

A SENSIBLE TAX.

In connection with this matter, it should be said that the income tax is as popular abroad as any tax can ever be. One reason for this generally favorable regard is that those of small incomes are either entirely exempt from its operation or are allowed some abatement. Another reason concerns the tariff feature noticed above. The question has been recently put: "Is it not better, for example, for the man with \$10,000 or \$15,000 or \$20,000 a year to be taxed two or even three per cent. on this income than to have something like ten per cent. to fifteen per cent. of it annually mulcted from him indirectly in the high prices he pays for the food and clothing for himself, his family and dependents in order that some of the manufacturing sections of the country may earn exorbitant profits and distribute exorbitant wages?" There is, in fact, nothing in the idea of an income tax to repel the merely well-to-do man—rather, in connection with tariff revision, it means to him a decided cash benefit.

In the end the income tax will thus prove a substitute for the tariff, because it will put the tax burden where it rightly belongs, on the shoulders of those best able to bear it and who most of all owe it to their country—the very wealthiest citizens. But, indeed, it is hard to understand how anyone with an atom of patriotism can object to a tax unfelt by him personally and which is

paid to the country which has been the source and protector of his possessions.

The gist of the situation comes to this: The income tax amendment is the first step in the direction of modernizing our fiscal system and taking it out of its present absurd state of indirectly taxing the great majority on the necessities of life for the benefit of a relatively small section. The reduction of the tariff calls for some other means to meet Government expenditures. Of all the means suggested, the income tax is the only one which fits the requirements

of modern ideas of taxation. It has been approved by the peoples of the most diverse sorts of government and in the most far-apart regions. Its adoption by us will not, it is true, bring about instant relief from *all* the absurdities of our tariff, but it will be a very big stride in the right direction. Once establish a Federal income tax in America and two things are sure, sooner or later, to follow: The tariff will pass away, and the wealthiest shoulders will bear the burden of taxation.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to October 17, 1911.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York.
(Guaranteeing company in parentheses.)

	Bid.	Asked.		Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	...	Grand River Valley (Mich. Cent.)	112	118
Allegheny & West'n (B. R. I. & P.)	130	140	Hereford Railway (Maine Central)	85	92
Atlanta & Charlotte A. L. (So. R. R.)	175	...	Inter Ocean Telegraph (W. U.)	90	100
Augusta & Savannah A. L. (Cen. of Ga.)	105	109	Illinois Cen. Leased Lines (Ill. Cen.)	90	96
Beech Creek (N. Y. Central)	90	96	Jackson, Lans. & Saginaw (M. C.)	82	88
Boston & Lowell (B. & M.)	215	220	Joliet & Chicago (Chic. & Al.)	150	165
Bleeker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	35	Kalamazoo, Al. & G. Rapids (L. S. & S.)	136	142½
Boston & Albany (N. Y. Cen.)	218	...	Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	72	78
Boston & Providence (Old Colony)	294	...	K. C. St. L. & C. pfd. (Chic. & Al.)	110	125
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	124	140	Lake Shore Special (Mich. S. & N. Ind.)	820	840
Brooklyn City R. R. (Bk. H. R. R. Co.)	161	165	Little Miami (Penn. R. R.)	300	...
Camden & Burlington Co. (Penn. R. R.)	130	140	Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Catawissa R. R. (Phila. & Read.)	108	...	Louisiana & Mo. Riv. (Chic. & Atl.)	150	160
Catawissa R. R. 2d pfd.	108	...	Mine Hill & Schuylkill Hav. (F. & R.)	...	124
Cayuga & Susquehanna (D. L. & W.)	212	218	Mobile & Birmingham pfd. 4% (So. Ry.)	68	78
Cent. Pk. N. & E. R. R. (Met. St. Ry.)	...	...	Mobile & Ohio (So. Ry.)	78	85
Christopher & 10th St. R. R. Co. (M. S. R.)	100	120	Morris Can. pfd. (Lehigh Valley)	170	...
Cleveland & Pittsburg (Pa. R. R.)	166	169	Morris & Essex (Del. Lack. & W.)	168	173
Cleveland & Pittsburg Betterment	93	97	Nashville & Decatur (L. & N.)	180	190
Columbus & Xenia	202	210	N. H. & Northampton (N. Y., N. H. & H.)	100	...
Commercial Union (Com'l C. Co.)	...	...	N. J. Transportation Co. (Pa. R. R.)	260	255
Commercial Union of Me. (Com. C. Co.)	...	...	N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	108	115
Concord & Montreal (B. & M.)	155	165	N. Y. & Harlem (N. Y. Central)	290	305
Concord & Portsmouth (B. & M.)	170	...	N. Y. L. & Western (D. L. & W.)	117	123
Conn. & Passumpsic (B. & L.)	139	...	Ninth Av. R. R. Co. (Met. St. Ry. Co.)	140	150
Conn. River (B. & M.)	268	...	North Carolina R. R. (So. Ry.)	163	170
Dayton & Mich. pfd. (C. H. & D.)	180	190	North Pennsylvania (Phila. & R.)	193	...
Delaware & Bound B. (Phila. & R.)	185	195	North R. R. of N. J. (Erie R. R.)	85	95
Detroit, Hillsdale & S. W. (L. S. & M. S.)	92	95	Northwestern Telegraph (W. U.)	108	114
East Pa. (Phila. & Reading)	125	135	Nor. & Wor. pfd. (N. Y., N. H. & H.)	210	...
Eighth Av. St. R. R. (M. S. R. C.)	260	...	Ogden Min. R. R. (Cen. R. R. of N. J.)	95	105
Elmira & Williamsport pfd. (Nor. Cen.)	142	152	Old Colony (N. Y., N. H. & H.)	185	190
Erie & Kalamazoo (J. S. & S.)	200	220	Oswego & Syracuse (D. L. & W.)	205	215
Erie & Pittsburg (Penn. R. R.)	185	145	Pacific & Atlantic Tel. (W. U.)	65	68
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	126	132	Peoria & Bureau Val. (C. R. I. & P.)	170	180
Franklin Tel. Co. (West. Union)	35	45	Philadelphia & Trenton (Pa. R. R.)	248	...
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	230	Pitts. B. & L. (P. L. E. & C. Co.)	60	70
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	255	265	Pitts. Ft. Wayne & Chic. (Pa. R. R.)	164	168
Gold & Stock Tel. Co. (W. U.)	110	115	Pitts. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
			Pitts. & North Adams (B. & A.)	127	134
			Pitts. McW'port & Y. (P. & L. E. M. S.)	...	...
			Providence & Worcester (N. Y., N. H. & H.)	270	...
			Rensselaer & Saratoga (D. & H.)	180	190
			Rome, Watertown & O. (N. Y. Cen.)	119	120½
			Saratoga & Schenectady (D. & H.)	160	...
			Second Av. St. R. R. (M. S. R. Co.)	10	16

	Bid.	Asked.
Southern Atlantic Tel. (W. U.)....	80	100
Sixth Av. R. R. (Met. S. R. Co.)....	120	120
Southwestern R. R. (Cent. of Ga.)....	105	110
Troy & Greenbush (N. Y. Cent.)....	160	170
Twenty-third St. R. R. (M. S. R.)....	200	250
Upper Coos (Maine Central).....	123	...
Utica, Chen. & Susq. (D. L. & W.)....	143	146
United N. J. & Canal Co. (Pa. R.R.)....	241	244
Valley of New York (D. L. & W.)....	117	123
Ware R. R. (Boston & Albany)....	160	...
Warren R. R. (D. L. & W.)....	163	168

SHORT TERM SECURITIES.

Quoted by A. M. Kidder & Co., 5 Nassau St., New York.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "B" Mar. 15, '12. 99½-100½	5.10	
Bethlehem Steel 6s, Nov., '14. 99½-100½	5.60	
B. R. & P. Equip. 4½s.	99½	...
Chic. & Alton 5s, Mar. 15, '13. 98½-99½	5.25	
C. H. & D. 4s, July, '13.	98½-99½	5.05
Diamond Match 5s, July, '12.	100	5.00
K. C. R. & L. 6s, Sept., '12.	94-97	6.50
Maine Central 4s, Dec., '14.	99-100	4.25
N. Y. C. Equip. 5s, Nov., '14. 101½-102½	4.15	
N. Y. C. Equip. 5s, Nov., '16. 102½-103½	4.15	
N. Y. C. Equip. 5s, Nov., '19. 104½-105½	4.15	
N.Y., N.H. & H. 5s, Jan., '12.	100½-109½	3.93
No. American 5s, May, '12.	100-101	5.00
St. L. & S. F. 4½s, Feb., '12.	98½-99½	5.60
Southern Ry. 5s, Feb., 1913.	99½-100½	5.45
Tidewater 6s, June, '13.	101½-101½	5.35
Western Tel. 5s, Feb., '12.	100½-100½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by A. M. Kidder & Co., 5 Nassau St., New York.

	Bid.	Asked.
Ann Arbor, pref.	65	80
Arkansas, Oklahoma & Western....	10	10
Atlanta & West Point	130	140
Atlantic Coast Line of Conn.	240	252
Buffalo & Susquehanna, pref.	7	10
Central New England ....	...	...
Central New England, pref. ....	...	...
Chicago, Burlington & Quincy....	200	205
Chicago, Indianapolis & Louisville..	50	60
Chicago, Ind. & Louisville, pref.	60	80
Cincinnati, Hamilton & Dayton....	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	140	...
Cincin., N. O. & Tex. Pac., pref.	105	...
Cincinnati Northern	40	50
Cleveland, Akron & Columbus....	70	84
Cleve., Cin., Chic. & St. L., pref.	94	100
Delaware	42	46
Des Moines & Ft. Dodge, pref. ....	...	...

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhodes & Company, Bankers, Dealers in Investment Securities, 45 Wall St., New York.

Name and Maturity	Price.	Yield.
U. S. Gov. reg. 3s, 1918.	101½-102½	2.68
U. S. Gov. reg. 2s, 1930.	100½-100½	1.96
Panama Canal, reg. 2, 1936.	100½-100½	1.97
Dist. of Columbia 3-65s.	105-106	3.05
New York City 4½s, 1957.	108-108½	4.07
New York City 4½s, 1917.	102-102½	3.98

Name and Maturity.	Price.	Yield.
New York City 4s, 1959.	99½-100	4.00
New York City 4s, 1955.	99½-99½	4.01
New York City 4½s, 1960.	103-103½	4.01
New York City 4½s, 1930-1960.	102½-102½	4.06
New York State Canal 4s, 1960.	103½-103½	3.83
New York City 3½s, 1954.	88-88½	4.06
New York State 4s, 1961.	103½-103½	3.83
Alabama 4s, July, 1956.	104-105½	3.70
Panama 3s, 1901 (new issue).	102½-102½	2.86
Colorado 4s, '22 (op. '12).	99-100	4.00
Connecticut 3½s, Apr., '30.	33-102	...
Louisiana 4s, Jan., 1914.	98½-98½	4.60
Massachusetts 3½s, 1940.	93-94	3.88
New York State 3s, '59.	101½-102	2.92
Ten. New Settlements 3s, '13.	97½-98	4.18
Vt. 6s, B. R. & Co., cts., 1871.	58½-59½	...
Boston 3½s, 1929.	92½-95	3.90

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

	Bid.	Asked.
Bleecker St & Ful Fy		
1st 4s.	1950	J&J 50 60
Bway Surf Ry 1st 5s.	1924	J&J 101½ 103
Bway & 7th Av stock. ....	...	120 140
Bway & 7th Av Con 5s.	1943	J&J 99 101
Bway & 7th Av 3d 5s.	1914	J&N 99 101
Col & 9th Av 1st 5s.	1933	M&S 98 100
Christopher & 10th St. ....	...	90 110
Dry Dk E B & Bat 5s.	1932	J&D 97 99
Dry Dock E B & Bat		
Ctfs 5s.	1914	F&A 30 40
Lex Av & Pav Fy 5s.	1922	M&S 98 100
Second Av Ry stock. ....	...	8 11
Second Av Ry Cons 5s.	1948	F&A 40 48
Sixth Av Ry stock. ....	...	120 128
South Ferry Ry 1st 5s.	1919	J&D 85 90
Union Ry 1st 5s.	1942	F&A 101½ 103
Westchester El Ry 5s.	1943	J&J 65 75
Yonkers Ry 1st 5s.	1946	A&O 75 80
New Amst Gas Cons 5s.	1927	J&J 101½ 102½
Central Union Gas 5s.	1927	M&S 101½ 103
Equitable Gas Light 5s.	1930	J&J 101½ 105
N Y & E R Gas 1st 5s.	1944	J&J 103 107
N Y & E R Gas Con 5s.	1945	J&J 99 101
Northern Union Gas 5s.	1927	M&N 100 103
Standard Gas Light 5s.	1930	M&N 102 105
Westchester Light 5s.	1950	J&D 104 105
Bklyn. Ferry Gas. 5s.	1948	...
Hoboken Fy 1st mtg 5s.	1946	M&N 104 107
NY & Bkn Fy 1st mtg 5s.	1911	J&J 90 96
NY & Hobok Fy Gen 5s.	1946	J&D 96 99
NY & East River Fy. ....	...	QM 15 25
10th & 23d St Ferry. ....	...	A&O 30 40
10th & 23d St Fy 1st 5s.	1919	J&D 55 60
Union Ferry ....	...	QJ 21 24
Union Ferry 1st 5s.	1920	M&N 97 100

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Investment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17.	4%	4%
Buff., Roch. & Pitts. 4½%, Apr., '27	4%	4%
Canadian Northern 4½%, Sept., '19	5%	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13.	4½	4%
Ches. & Ohio 4%, Oct., '16.	5	4½
Chic. & Alton 4%, June, '16.	4½	4%
Chic. & Alton 4%, Nov., '18.	5½	5
Chic. R. 1st & Pac. 4½%, Feb., '17	5½	4½
Del. & Hud. 4½%, July, '13.	4½	4½
Erie 4%, Dec., '11.	5	5½
Erie 4%, June, '13.	5	4½
Erie 4%, Dec., '14.	5	4½
Erie 4%, Dec., '19.	5	4½
Erie 4%, June, '16.	5	4½
N. Y. Cent. 5%, Nov., '11.	4.45	4.35
N. Y. Cent. 5%, Nov., '13.	4.45	4.35
No. West. 4%, Mar., '17.	4½	4½
Pennsylvania 4%, Nov., '14.	4½	4½
So. Ry. 4½%, Series E, June, '14.	5½	4%

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real Estate Securities, 42 Broadway, New York.

Realty Bonds.

Bonds are all traded in (and accrued interest).

	Bid.	Asked.
American Real Estate Co., Gold 6% 90	96	
Broadway Realty Co., 1st Mtg. 5% 100	103	
Broadway Realty Co., 2d Mtg. 5% 100	80	
Estates of Long Beach, 6% 75	79	
Greeley Square Realty Co., 5% 85	85	
Hotel Rector, 2d Mtg. 6%, 1919 85	85	
Improved Property Holding Co. of N. Y., 6%, Series A 100	103	
Improved Property Holding Co. of N. Y., 6%, Series B 95	100	
Mortgage Bond Co., 20 yr. 4% 85	88	
Monaton Realty & Inv. Corp., 6% 95	96	
Murray Hill Pk., 1st Mtg. Guar. 6% 99	100	
N. Y. R. E. Sec. Co., Gold Mtg. 6% 98 1/2	100	
N. Y. Realty Owners, Guar. 6% 86	95	
Queensboro Corp., Part. 5s 94	99	
U. S. Realty & Imp. Conv. Deb. 5% 89	90	

Realty Stocks.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com. 5%		200	...
Ackerson, T. B. Co. pfd. 8%		98	100
*Alliance Realty Co., 8% Q. Apr. 120		125	
Bond & Mtg. Guar. Co. 12% Q. Feb. 242		247	
City Investing Co. com. 4%		42	48
City Investing Co. pfd. 7%		90	95
†City & Sub. Homes Co. 4% June & D. 8		253	
Lawyers Mortgage Co., 12% Q. Jan. 247		253	
Lawyers T. I. & T. Co., 12% Q. Jan. 233		238	
Monaton Realty & Investing Corp. pfd. 10%		80	100
N. Y. Mtg. & Sec. Co., 12% Q. Jan. 207		212	
N. Y. R. E. Sec. Co. Conv., 1st pfd. 7%		99	100
Realty Associates 6% J. & J. 110		114	
Second United Cities Realty Co., Ser. A. pfd. 5%		75	
Title Guar. & Trust Co., 10% Q. May 470		480	

*6% extra dividend 1910. †Par value \$10.

COAL BONDS.

Quoted by Frederic H. Hatch & Co., Dealers in Investment Securities, 30 Broad St., New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944. 83	87	
Cahaba Coal Min. Co. 1st 5s, 1922. 105	105	
Clearfield Bitum. Coal 1st 4s, 1940. 75	85	
Consolidated Indian Coal 1st Sinking Fund 5s, 1935 79	84	
Continental Coal 1st 5s, 1952 95	100	
Fairmount Coal 1st 5s, 1931 94	97	
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951 96	100	
Monongahela River Con. Coal & Coke 1st 5s, 1949 109	113	
New Mexico Railway & Coal 1st & Coll. Tr. 5ss, 1947 98	103	

ACTIVE BONDS.

Quoted by Swartwout & Appenzeller, Bankers, Members New York Stock Exchange, 44 Pine St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s 101	101 1/2	
Amer. Steel Foundries 4s, 1923 64	67	
Amer. Steel Foundries 6s, 1935 100	101 1/2	
Balt. & Ohio, Southwest, Dis. 3 1/2s 90	91	
Bethlehem Steel 5s 92	93	
Chlc., Burlington & Quincy Gen. 4s 96 1/2	96 1/2	
Chlc., Burl. & Quincy Ill. Div. 4s 99	99 1/2	
Chlc., Burl. & Quincy Ill. Div. 3 1/2s 87	87 1/2	
Cin. Hamilton & Dayton 4s 90	91 1/2	
Denver & Rio Grande Refng 5s 86	87 1/2	
Louis. & Nashville unificd 4s 98 1/2	99	
Mason City & Ft. Dodge 4s 83	85	

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall St., New York.

	Bid.	Asked.
German Govt. 3 1/2s 92	93	
German Govt. 3s 82 1/2	83 1/2	
Prussian Consols 4s 101 1/2	102 1/2	
Bavarian Govt. 4s 100 1/2	101 1/2	
Saxony Govt. 3s 82 1/2	83 1/2	
Hamburg Govt. 3s 80 1/2	81 1/2	
City of Berlin 4s 100	101	
City of Cologne 4s 100	101	
City of Augsburg 4s 99 1/2	100 1/2	
City of Munich 4s 99 1/2	100 1/2	
City of Frankfurt 3 1/2 92	93	
City of Vienna 4s 94	95	
Mexican Govt. 5s 99 1/2	100 1/2	
Russian Govt. 4s 91 1/2	92 1/2	
French Rente 3s 94 1/2	95 1/2	
British Consols 2 1/2s 77 1/2	78 1/2	

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers, Members of the New York Stock Exchange, 24 Broad St., New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com. 30	33	
Bonds, 6%, due 1932 (Int.) 90	95	
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.) 70	75	
Arizona Power Co. bonds, 6%, due 1933 83	87	
Arizona Power Co. pref. 57	...	
Arizona Power Co. com. 15	20	
Great Western Power Co. bonds, 5%, due 1946 84 1/2	85 1/2	
Mobile Elec. Co. bds., 5%, due 1946 85	88	
Mobile Elec. Co., pref., 7%, ex-div. 90	95	
Mobile Elec. Co., com. 75	...	
Amer. Power & Lt. Co., pref., 6% 80	82	
Amer. Power & Lt. Co., com. 75	77	

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 23 Wall St., New York.

	Bid.	Asked.
Adams Express 210	215	
American Brass 120	124	
American Chiclc com. 243	253	
American Chiclc pref. 99	103	
American Coal Products 92	95	
American Express 207	212	
American Gas & Electric com. 56	59	
American Gas & Electric pref. 42	44	
Babcock & Wilcox 97 1/2	100	
Bordens Condensed Milk com. 119 1/2	122	
Bordens Condensed Milk pref. 105	108	
Bush Terminal 90	100	
Childs Restaurant Co. com. 180	...	
Childs Restaurant Co. pref. 109	113	
Del. Lack. & Western Coal 300	315	
E. W. Bliss com. 75	85	
E. W. Bliss pref. 120	130	
General Motors com. 39	41	
General Motors pref. 75	78	
Gray National Telautograph 6	9	
Hall Signal com. 8	13	
Hudson & Manhattan com. 11	14	
International Nickel com. 240	245	
International Nickel pref. 97	99	
International Silver pref. 113	117	
Kings Co. E. L. & P. 122	125	
Otis Elevator com. 69	71	
Otis Elevator pref. 97	99	
Pacific Gas & Electric com. 67	69	
Pacific Gas & Electric pref. 85	87	
Penn. Water & Power 48	55	
Phelps, Dodge & Co. 198	208	
Pope Manufacturing com. 43	48	
Pope Manufacturing pref. 67	71	
Producers Oil 85	100	
Royal Baking Powder com. 192	195	
Royal Baking Powder pref. 105	107 1/2	
Safety Car Heating & Lighting 120	121	

	Bid.	Asked.		Bid.	Asked.
Sen Sen Chiclet	120	130	U. S. Motor com.	23	26
Singer Manufacturing	250	255	U. S. Motor pref.	65	68
Standard Coupler com.	40	45	Union Typewriter com.	36	40
Texas & Pacific Coal	96	102	United Cigar Stores	225	235
Thompson-Starrett com.	122	130	Virginian Railway	18	21
Thompson-Starrett com. (& cert.)	140	150	Wells Fargo Express	150	154 1/2
Thompson-Starrett pref.	100	110	Western Pacific	13	15
Tri-City Railway & Light com.	26	29	Western Power com.	32	35
Tri-City Railway & Light pref.	92	95	Western Power pref.	65	70
U. S. Express	85	90	Worthington Pump pref.	107	...

A BANKING AND CURRENCY LIBRARY

By Elmer H. Youngman, Editor of The Bankers Magazine

THE interest in banking subjects is indicated by an increasing number of inquiries addressed to THE BANKERS MAGAZINE for the best books on such matters. A list of standard works on money, banking, foreign exchange and trust companies was published in THE BANKERS MAGAZINE for May, 1908. It was the purpose of this list to name only a few representative works, which the average man of affairs might find useful as the nucleus for a small library, rather than to give an elaborate bibliography for the special student. The list was limited, therefore, to about twenty-five books, representing a cost of from fifty dollars to sixty dollars, according to the selection made. Since the publication of this list new editions of these works have been issued in many cases, and they have been supplemented by a few other works of value for the general reader. It seems proper, therefore, to present the list anew, with corrections and additions to bring it up-to-date and which make it of special value to the man who wishes to acquire a practical working knowledge of monetary banking theory and history.

Only a few of the large number of special monographs issued by the National Monetary Commission are included in this list, in spite of their high value, because most of these monographs deal with a single banking institution or subject and are therefore not of a sufficiently general character to be included in a collection of this sort. The lost of monographs of the

Commission numbers from forty to fifty and is of great interest for the special student. A list of such publications, with the nominal prices charged, can be obtained by application to the National Monetary Commission at Washington.

The general character of the list here given explains its limitations. The fact that certain books are included is not in any way a reflection upon others which do not appear, many of which are broader in scope or more elaborate in detail than those given, but seem less adapted for the every-day reader who is not a specialist on the monetary problem.

GENERAL WORKS ON POLITICAL ECONOMY.

The number of general works on political economy, which include references to the principles of money and banking, is large and many of them possess high merit. The work of Adam Smith, "The Wealth of Nations," first published in 1776, and of John Stuart Mill, "Principles of Political Economy," first published in 1848, can still be obtained in a variety of editions, and are well worth reading by the scholar. One of the most compact modern editions of "The Wealth of Nations" is issued in two volumes in "Every Man's Library," published by E. P. Dutton & Company, with an introduction by Professor Edwin R. A. Seligman, pp. 441. Of more modern works of a general character the following are among the best:

Seligman, Edwin R. A.: "Principles of Economics," New York and London, fourth edition, 1909.

Professor Seligman stands in the front rank of living American economists and his book is clear and forcible. The number of pages devoted to money and banking is about 140, exclusive of other related subjects.

Fetter, Frank A.: "The Principles of Economics," New York, 1904.

This book presents very clearly the conclusions on economic principles reached by leading economists in recent years. The number of pages devoted directly to money and banking is about sixty.

Seagar, Henry R.: "Introduction to Economics," New York, 1904.

Follows to some extent the lines of historical development, bringing recent practical illustrations to the support of the principles laid down. The number of pages devoted directly to money and banking is about sixty, exclusive of foreign exchange and kindred subjects.

WORKS ON MONEY.

Jevons, W. Stanley: "Money and the Mechanism of Exchange," London and New York, pp. 349.

Is very compact, containing only about 85,000 words, but presents clearly the principles of metallic money. The author's views on the bank note system of the Bank of England do not accord with those of many other economists.

Conant, Charles A.: "The Principles of Money and Banking," two volumes, New York, 1905, pp. 437 and 488.

The most comprehensive treatise on the entire subject of money and banking which has been completed in recent years. The first volume is divided into three books—"The Evolution of Modern Money," "The Principles of the Value of Money," and "The Evolution of Monetary Systems." A full explanation is given of the evolution of the gold standard and of the development of the gold exchange standard, in which the author had an important part. The second volume relates to the principles covering bank note currency and negotiable securities. Its contents are referred to further down.

Scott, William A.: "Money and Banking," New York, 1903, pp. 381.

A general survey of the monetary problem, longer than Jevons, but less elaborate than Conant.

PRINCIPLES OF A BANKING CURRENCY.

Dunbar, Charles F.: "Chapters on the Theory and History of Banking," New York and London, 1901, pp. 252.

Written originally by the eminent professor of Harvard University, recently deceased, who stood at the time of his death among the half dozen leading American economists. The work contains chapters on the discount and deposit system, bank-notes, combined reserves, and upon the Bank of France, the Bank of England, and the Imperial Bank of Germany. It has been brought down to date and considerable new matter added by O. M. W. Sprague, now professor of political economy at Harvard.

Conant, Charles A.: "The Principles of Banking," New York, 1908, pp. 488.

A reprint in separate form of Volume II of "The Principles of Money and Banking," referred to above. Divided into three books, "The Principles of a Banking Currency," "The Evolution of Commercial Banking," and "The Co-operation of the Factors of Exchange." Deals perhaps most fully among recent treatises with the security for bank issues, limit of reserves, and similar topics. The second book deals more largely with the check and clearing systems. The third book treats of the part which negotiable securities dealt in on the stock exchanges play in financial operations.

White, Horace: "Money and Banking," third edition, corrected to the year 1910, New York, 1910, pp. 475.

This edition is rewritten and brought up to date from the valuable book first issued during the currency and silver discussions of 1895. It deals with both the subjects of metallic money and bank-note currency from the standpoint of the practical problems which have arisen in American monetary experience. Contains much valuable historical matter, but so treated as to apply to existing conditions.

Youngman, Elmer H.: "Credit Currency," New York, 1907, pp. 35.

Elementary in character. Treats solely of the principles of a bank note currency, and shows the advantages of coin and commercial paper over bonds as security for bank circulation.

THE HISTORY OF BANKING.

Conant, Charles A.: "A History of Modern Banks of Issue," with an account of the economic crises of the nineteenth century and the crisis of 1907, fourth edition, New York, 1909, pp. 751.

Has been for the past fifteen years the standard work in English on the history of banking. This edition has been rewritten and brought up to date. Contains separate chapters on each of the leading European banking systems, the banks of the United States, the state banking systems, and the national banking system. The new edition includes an account of the crisis of 1907, the movements in Congress for monetary

reform, and the evolution of the gold exchange standard in Mexico and Oriental countries.

Gilbart, J. W.: "The History, Principles and Practice of Banking." Two volumes, London and New York, 1908.

A new edition of a work which has long been a standard in England by a practical banker who lived and wrote more than a generation ago. Has been brought up to date by the editors, and is, perhaps, the most valuable hand book not only of English banking history, but of banking practice.

Noyes, Alexander D.: "Forty Years of American Finance," (1865-1907), New York, 1909, pp. 418.

A graphic and readable sketch of American currency and money market troubles as influenced by crop movements and foreign exchange, with the individual evolution of recent years. Author is financial editor of the New York Evening Post.

Knox, John Jay: "A History of Banking in the United States," New York, 1900, pp. 980, published by the Bankers Publishing Company.

Written by the Hon. John J. Knox, formerly Comptroller of the Currency, and edited by Elmer H. Youngman, editor of THE BANKERS MAGAZINE. Is, perhaps the most complete collection of data on the banking development of this country. Gives full accounts of the state systems before the Civil War, and describes the evolution of the national system from its foundation in 1864 to the date of publication. Many side-lights are thrown also on the evolution of the banking systems of the various states.

MECHANISM OF THE MONEY MARKET.

Bagehot, Walter: "Lombard Street," new edition, with introduction by Hartley Withers, New York, 1910, pp. 372.

The classic work of the editor of the London Economist of a generation ago, which explains the mechanism of the English money market, including the relations of the Bank of England with the joint-stock banks and the bill brokers. This is a valuable and readable work.

Withers, Hartley: "The Meaning of Money," New York, 1910, pp. 307.

A readable review of the London money market, giving special attention to the developments of recent years. Forms an interesting supplement to Bagehot's "Lombard Street."

Pratt, Sereno S.: "The Work of Wall Street," New York, 1903, pp. 286.

A clear and interesting account of the early development of Wall Street, the or-

ganization of the New York stock market and the manner of doing business there. The author was at one time editor of the Wall Street Journal and is now Secretary of the Chamber of Commerce of the State of New York.

FOREIGN EXCHANGE.

Goschen, George J.: "The Theory of the Foreign Exchanges," London, 1894, pp. 152.

The classic English work on the general principles of foreign exchange, but is, perhaps, a little less up to date than the next work recommended.

Clare, George: "The A B C of the Foreign Exchanges," London, 1895, pp. 160.

Sets forth in brief compass and in simple form the principles underlying foreign exchange operations under modern conditions. While not remarkable in style, is one of the best short treatises available in English.

Escher, Franklin: "The Elements of Foreign Exchange," New York, 1910, pp. 160.

This is a short, practical treatise on foreign exchange, designed to supply the need for a book from which a working knowledge of the subject can be readily obtained. Technicalities are avoided as far as possible and the subject explained for the beginner or the advanced exchange man. The author has had practical training in foreign exchange and is a member of the staff of the BANKERS MAGAZINE and financial editor of Harper's weekly.

TRUST COMPANIES.

Herrick, Clay: "Trust Companies; Their Organization, Growth and Management," New York, 1910, pp. 500.

The author is an officer of the Cleveland Trust Company and has brought together the results of experience in many departments. He takes up each branch of trust company business, outlining the most approved business methods. He gives also a summary of the laws of the various states.

Kirkbride & Sterrett: "The Modern Trust Company," New York, 1908, third edition.

Goes thoroughly into the organization and methods of trust companies. This is one of the principal systematic works on the subject.

BANKING PRACTICE.

Patten, Claudius B.: "The Methods and Machinery of Practical Banking," New York, 1907, twelfth addition, pp. 515, published by the Bankers Publishing Company.

A work by a practical banker, which deals fully and completely with the prin-

ciples governing banking practice, including the making of loans, relations with depositors, and other details in addition to the issue of notes.

Barrett: "Modern Banking Methods," New York, 1908, fifth edition, pp. 325, published by the Bankers Publishing Company.

This book deals more explicitly with the details of bookkeeping in banks than the one previously named. It is one of the most complete available compendia of practical banking methods for the use alike

of officers, directors and employees in the modern bank.

Fiske, Amos K.: "The Modern Bank," New York, 1904, pp. 348.

Deals with a modern bank from the standpoint of analysis and forms in some respects one of the best books for a beginner. The subject of bank note currency is dealt with and also that of the relation of the bank to the public, but details of practice are not gone into so fully as in the two books previously named.

SAFE DEPOSIT

SECURITY AND SENTIMENT IN VAULT BUILDING

"I AM Mr. ———, president of the ——— National Bank of ———. We are capitalized at \$200,000 and our deposits are now running from \$800,000 to \$900,000. A conservatively liberal policy toward our customers has enabled us to build up a surplus of \$150,000, a portion of which we propose to spend on a larger banking room and the installation of a new vault, but whether we will put in the vault, and, incidentally, a new banking room or vice versa, seems to be the rock on which we have struck.

"We have received all kinds of recommendations, from a concrete vault with a bluff door, having an electrical connection with the police station, to an elaborate outfit with twenty-inch doors, which to buy would practically eat up our entire appropriation for improvements.

"Now, then, what I would like to know is this: Where is the dividing line in vault building between adequate security and sentiment, and to what extent should sentiment be considered?"

This was the question put to Mr. Benjamin F. Tripp, the well-known bank vault engineer of Boston, and as it is a problem that faces many bankers in all parts of the country, his reply is worth setting down here.

"Well," replied Mr. Tripp, "you may or may not be aware of the fact that no security vault of proper modern design and construction, having a six-inch outer door, three-inch inner door and a two-inch lining encased in reinforced concrete masonry, has ever been burglarized.

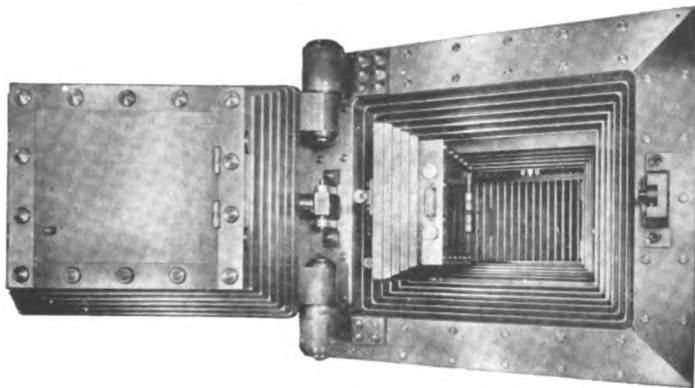
"In my opinion it would be absurd to ascribe this inactivity on the part of the burglar to lack of intelligence or knowledge

of the valuable contents of vaults. He knows that his chance for success is so infinitely small, he prefers to hazard his liberty by confining his activities to the old or obsolete type of vault or safe.

"A few years ago the electric arc caused general alarm among bankers, but there is no instance on record of its successful use burglariously on a vault of this type. Of late, the oxy-acetylene torch is causing bankers more or less uneasiness, but recent demonstrations by a reputable New York concern before the representatives of a large New England bank have convinced me that in the hands of the burglar and under the conditions which he must work, this method of attack is no more effective than the electric arc. These are *facts* which bear directly on your first question.

"Your second question can only be answered in the abstract, as each individual case should receive individual treatment. In fact, when the line of adequate security is passed, vault building resolves itself into a strictly commercial proposition; in other words, how much can a bank spend on its vault, or, for that matter, its whole outfit, with a reasonable assurance of a fair return on the investment?

"We will take yours as a concrete case. You are located in a city whose business is largely commercial rather than manufacturing, and it is a distributing point for a large number of thriving towns. Your people are thrifty and their earning capacity is good, all of which make for good banking and safe deposit business, and I believe you would be warranted in considering sentiment to the extent of building a vault as large as your floor plan will permit, the outer door to be ten inches, inner door five



CONFIDENCE INSPIRING

THE fact that this office is supervising vault construction for banks and the government, aggregating \$1,500,000 in value, should be convincing proof of the high-class and dependable service that we render.

All grades, from the veriest tin box to the heaviest steel vault, can be best and most economically built by our method of design and superintendence.

REFERENCES

Bankers Trust Co.,	N. Y. City.	Hartford National Bank,	Hartford, Conn.
Guaranty Trust Co.,	"	Union Trust Co.,	Jersey City, N. J.
Knickerbocker Trust Co.,	"	Mutual Benefit Life Ins. Co.,	Newark, N. J.
Importers & Traders Nat. Bk.,	"	Essex County Nat. Bank,	"
National Park Bank,	"	City Trust Co.,	"
Mutual Bank,	"	Industrial Trust Co.,	Providence, R. I.
Empire City Safe Deposit Co.,	"	Spokane & Eastern Tr. Co.,	Spokane, Wash.
Franklin Safe Deposit Co.,	"	First National Bank,	Syracuse, N. Y.
Lincoln Safe Deposit Co.,	"	Syracuse Trust Co.,	"
Produce Exchange Safe Dep. Co.,	"	Commercial National Bank,	"
Second National Bank,	"	Tr. & Dep. Co. of Onondaga,	"
Union Dime Savings Bank,	"	First National Bank,	Minneapolis, Minn.
Union Square Savings Bank,	"	Fidelity Trust Co.,	Rochester, N. Y.
Safe Deposit Co. of New York,	"	Savings Bank of Danbury,	Danbury, Conn.
Broadway Institution for Sav.,	"	City National Bank,	"
Title Guarantee & Trust Co.,	"	Danbury National Bank,	"
U. S. Mortgage & Trust Co.,	"	Lancaster Trust Co.,	Lancaster, Pa.
Bank of Montreal,	"	Bank of Montreal,	Winnipeg, Canada.
L. I. Safe Deposit Co.,	"	Land Title & Trust Co.,	Philadelphia, Pa.
Brooklyn Trust Co.,	"	Logan Trust Co.,	"
Boston Safe Dep. & Tr. Co.,	Boston, Mass.	Eighth National Bank,	"
Old Colony Trust Co.,	"	Fidelity Trust Co.,	"
New England Trust Co.,	"	W. Phila. Title & Tr. Co.,	"
International Trust Co.,	"	Union National Bank,	"
Bay State Trust Co.,	"	Nat. Bk. of Northern Liberties,	"
Commonwealth Trust Co.,	"	Shamokin Banking Co.,	Shamokin, "
Second National Bank,	"	First National Bank,	Wellsville, N. Y.
Newton Trust Co.,	Newton, "	Weehawken Trust Co.,	Weehawken, N. J.
Berkshire Loan & Tr. Co.,	Pittsfield, "	Mt. Carmel Banking Co.,	Mt. Carmel, Pa.
Berkshire County Sav. Bk.,	"	First National Bank,	Danville, "
Massachusetts N. Bk.,	Fall River, "	Equitable Guar. & Tr. Co.,	Wilmington, Del.
Home National Bank,	Brockton, "	Union National Bank,	"
Mississippi Valley Trust Co.,	St. Louis, Mo.	Union Trust Co.,	Springfield, Mass.
Union & N. Haven Tr. Co.,	New Haven, Conn.	Fidelity Trust Co.,	Portland, Me.
Naumkeag Trust Co.,	Salem, Mass.	German Sav. & Deposit Bk.,	Pittsburgh, Pa.
National City Bank,	New Rochelle, N. Y.	Hathboro National Bank,	Hathboro, "
Portsmouth Savings Bk.,	Portsmouth, N. H.	Merchants National Bank,	Burlington, N. J.
New Hampshire Nat. Bk.,	"	Haddonfield Nat. Bank,	Haddonfield, "

FREDERICK S. HOLMES

BANK VAULT ENGINEER

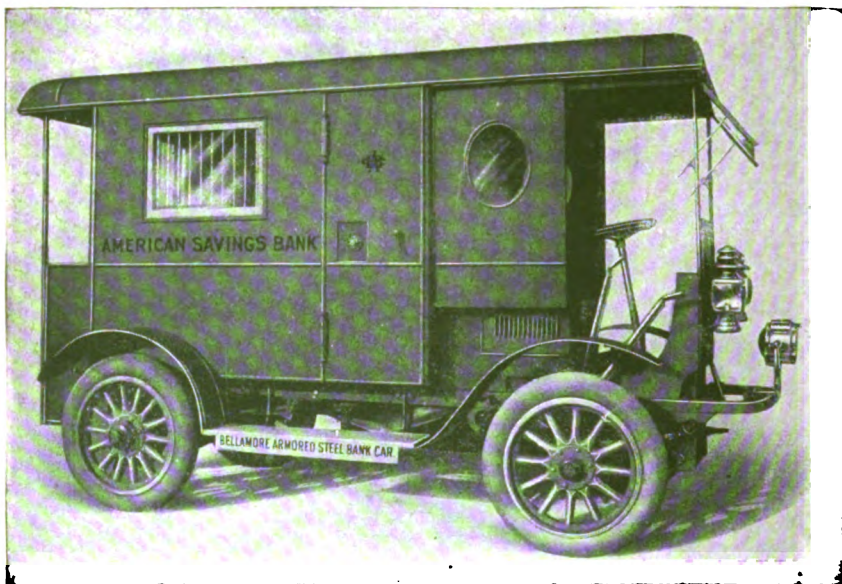
No. 2 Rector St. - - - NEW YORK CITY

Bellamore

Armored Steel Bank Car

A BANK ON WHEELS

Brings to the door of every depositor all the conveniences of a bank. NO RISK for money and securities in transit



Armored Steel Motor Bank Car Type 11 VC. Side View

Amongst the many uses of the Bellamore Armored Steel Bank Car are the following:

- The collection of heavy deposits.**
- The delivery of pay-roll-money to factories.**
- The delivery of large sums of money to customers.**
- The transportation of bullion.**
- The carrying of money and securities between branch institutions.**
- The collection and delivery of valuables for safe deposit.**

Descriptive booklet and prices on application.

Bellamore Armored Car & Equipment Company

286 FIFTH AVENUE, NEW YORK

inches, lining three inches, with at least eighteen inches of reinforced concrete surrounding same. The finish of the exposed parts to be modestly attractive and durable, in order to convey an impression of solidity rather than beauty, and not be excessively expensive in the matter of upkeep.

"I also believe you would be warranted in equipping the vault and doors with an electric burglar alarm. Of course such devices offer no physical resistance in the event of a burglarious attack, but their moral effect on the customer, as well as the burglar, is worth the outlay."

SAFE DEPOSIT ADVERTISING HINTS

Some Good "Reasons Why" That May Be Used To Advantage In Safe Deposit Advertising

You should keep *your will* in a safe deposit vault.

* * *

You should keep your *fire insurance policy* where you can get it "after the fire."

* * *

You should keep *the deed to your property* in our vault.

* * *

You should keep your *Life Insurance Policy* where your family can get it if you die.

* * *

You should have a place of safe storage for *your jewelry or valuable heirlooms*.

* * *

If you own a *bond* you should keep it in a safe deposit vault where it is *safe*.

* * *

You should store your *silverware* in our storage vault when you go away from home.

* * *

If you have an *abstract of title* or in fact *any valuable papers* you should insure them against loss by renting a safe deposit box.

* * *

Protection is *not* expensive; it amounts to an investment that is continually paying for itself—the peace of mind—the sense of security—that comes from having one's valuable papers lodged in a fire and burglar-proof vault, is worth many times the nominal cost of a safe deposit box.

* * *

If your valuable papers and precious belongings are worth a few cents a day to you, there should not be a moment's hesitation in placing them in a burglar and fireproof vault.

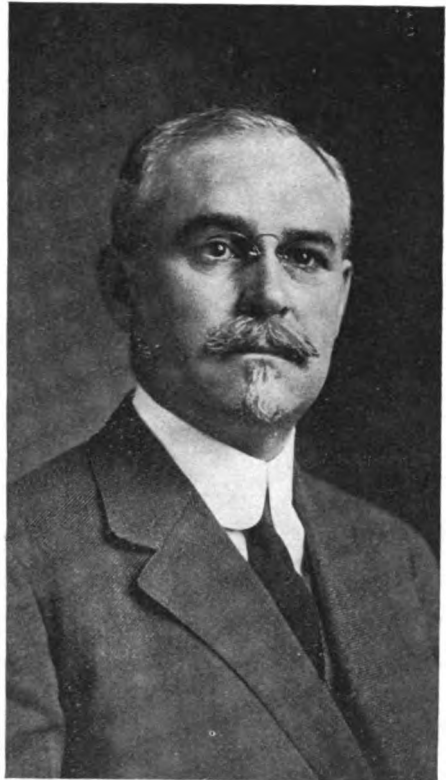
* * *

A vault in our Safe Deposit Department can be rented for as little as \$5 a year. It might be worth \$5,000 to you some day.

VAULT BUILDING PROBLEMS

By Frederick S. Holmes

HOW *not* to build a vault is a problem easily demonstrated by an examination of many of the vaults in use to-day. Resisting burglars and even fire to a degree unbelievably small, they represent the poorest kind of an investment; this is the fact, and the reason is not far to seek. It is due to the bankers' ignorance of the subject, the burglars' past inaction, and the



FREDERICK S. HOLMES
BANK VAULT ENGINEER

too often unscrupulous competition of vault salesmen. Eliminate either one of these three factors, and most vaults would be properly rebuilt at once.

The employment of a competent vault engineer would substitute the fullest knowledge and unbiased service for the first, and does away entirely with the last. The burglar will *remain* inactive whenever and wherever proper changes are made. Continue the vault building of the country along the old lines and the impending and inevitable change will be accomplished with great losses, because the burglar will have completed his nap and be fully awake to his opportunities.

WORK OF THE MONETARY COMMISSION

AS there has been some criticism of the work of the National Monetary Commission, the following statement, made by Hon. John W. Weeks, in an address before the convention of the National Association of Cotton Manufacturers at Manchester, Vt., in September, will be found of interest:

The Monetary Commission undertook its task, studying first our own defects and needs; then making a thorough study of the

Much public criticism of the Commission, most of which was unwarranted, has recently been made on account of the appointment to it of three men who were formerly members of the Senate or House, but whose terms had expired. That fact is the only real basis for this public criticism and the discussion which has taken place in Congress. No member of the Monetary Commission had any voice in the appointment of these members, and it was manifestly against the original purpose in making up the Commission, because, as I have stated, it is desirable that all of its members be active members of Congress. With this exception, however, there is, in my opinion, no real reason for criticism of the Commission, the work of which has been proceeding as rapidly as its members could give the time for that purpose and without any unreasonable expenditures. In fact the expenditures which have been made are trivial compared with the importance of the subject and the benefits which may be derived from a correct solution of it.

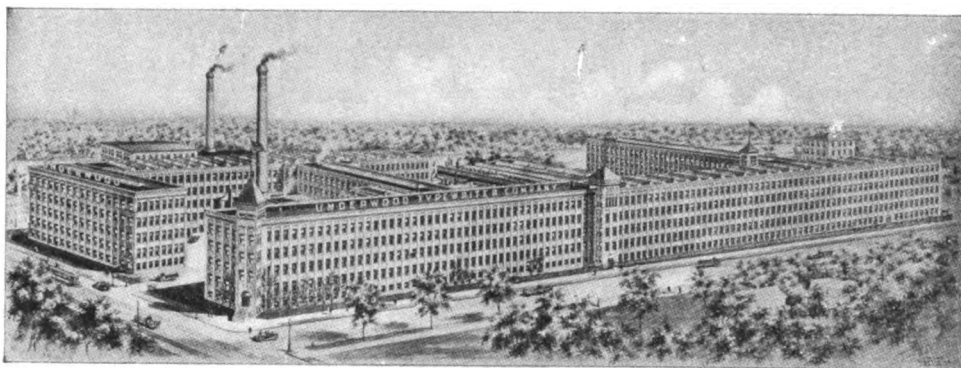
Early in the year Senator Aldrich, as the result of a vote of the Commission, prepared the framework of a plan to be considered and used as a basis for the final report to be made by the Commission. The result of this action is what is known as the Aldrich plan, which not only embraces the views entertained by Mr. Aldrich, but the well-known ideas of many members of the Commission. The plan has been since it was made public, investigated in some form by most of the bankers of the country, and systematically and thoroughly by official committees of the American Bankers' Association, by the banking associations of many States, and by a large number of financial students and economists. With trifling exceptions the plan has been received favorably—in fact, almost without exception, with unqualified words of commendation and approval.

Mr. Weeks, besides being a member of the Monetary Commission, is a member of the Banking and Currency Committee, and one of the recognized leaders in the House of Representatives. He is also actively engaged in business, being a partner in the firm of Hornblower & Weeks of Boston and vice-president of the First National Bank of that city. His position in the political and business world and his knowledge of banking and currency problems lend weight to the views above expressed.



HON. JOHN W. WEEKS
NATIONAL MONETARY COMMISSION

systems employed in foreign countries for the purpose of grafting on to our system such parts of them as could be used, modifying them to meet our peculiar conditions. With that purpose in mind, investigating committees have been abroad, a carefully prepared up to date financial library has been published, the financial systems of foreign countries having the best methods have been carefully investigated, our own banking deficiencies have been given the amplest consideration and the Commission is substantially ready to make a report, which, under the law passed at the recent special session of Congress, must necessarily be made before the ninth of next January.



UNDERWOOD TYPEWRITER PLANT AT HARTFORD, CONN.—LARGEST IN THE WORLD

THE AMERICAN TYPEWRITER—A STORY OF PROGRESS

RAPID GROWTH OF THE UNDERWOOD STANDARD TYPEWRITER

THE modern typewriter is the product of American inventive genius, coupled with the foresight, ability and aggressiveness of the American manufacturer, and supported by the confidence of the American capitalist. It stands as an industrial monument to the American commercial spirit which has in a few decades made the institutions of this country the marvel of the world.

Owing to the universal popularity and wide variety of uses to which American typewriters are applied, the typewriter industry has become one of large importance, involving the constant employment of over a hundred thousand people and reaching a volume of about \$40,000,000 per annum, with a constantly increasing growth in all directions. The first modern typewriter appeared on the market in the early seventies and was necessarily of crude design and construction, but these crudities were speedily eradicated and improvements rapidly followed each other, until to-day the standard makes of typewriters represent a high degree of mechanical efficiency.

With its use at first confined to ordinary correspondence and its sale limited largely to people of means, gradually the general public came to realize the labor-saving possibilities of the typewriter, not only for correspondence, but for all classes of writing, compiling and accounting work so that to-day the typewriter is looked upon as an economic necessity, and is used in all well organized offices, and by professional people, for all kinds of writing and statistical work.

VISIBLE WRITING INTRODUCED.

During the first twenty years of writing machine history the under-stroke machine attained such prominence that few looked for any radical change in the then accepted

design, which had a large demand and was considered to be well nigh ultimate perfection. There were some minds, however, that reasoned that the capacity of the typewriter could be greatly increased by some new arrangement of type-bar action that would cause the printing to be made in full view of the operator, and thus avoid the necessity of lifting the platen in order to see the writing.

In 1897 the Underwood Typewriter made its appearance on the market as the first front stroke "visible" typewriter. Manufacturers of other machines, however, for some years failed to realize the importance of this style of construction and continued to make the understroke, or "blind" type of machine for many years, meanwhile predicting the ultimate failure of the front stroke visible machine to give satisfaction. However tenaciously this view was held in those days, the front stroke visible model has been in the past few years adopted by the principal manufacturers as the ideal design and to-day all standard makes of typewriters are of this style of construction.

Being the first front stroke visible typewriter on the market, and incorporating in its design and construction important improvements in the type-bar and carriage escapement mechanism, the Underwood Typewriter met with remarkable success and attained a popularity which immediately created and sustained a larger demand than the plant of the company could supply, notwithstanding the capacity of the plant was enlarged every year, and the manufacturing facilities to-day are double those of any other typewriter factory in the world.

The Underwood Typewriter Company is a Delaware corporation, with an authorized capitalization of \$14,000,000, consisting of \$5,000,000 of seven per cent. cumulative preferred stock and \$9,000,000 common



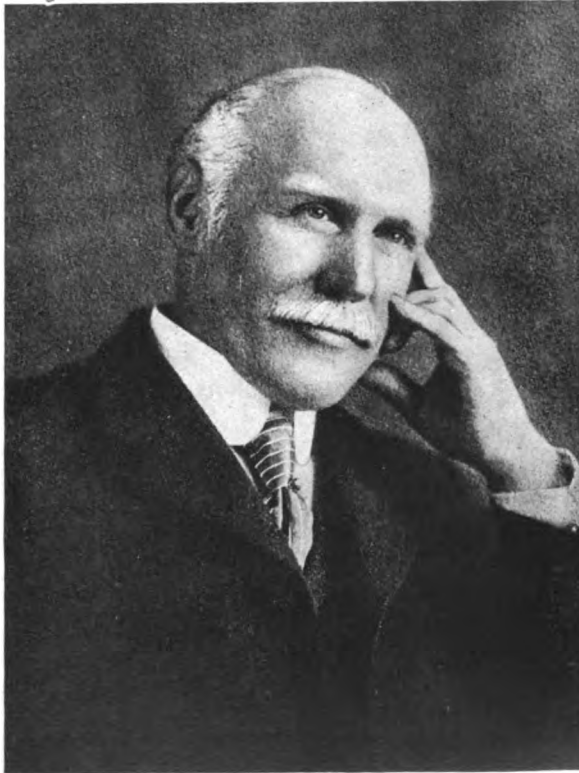
NEW UNDERWOOD BUILDING, NEW YORK CITY

stock, of which \$8,500,000 is issued and outstanding and \$500,000 un-issued.

The plant of the company at Hartford, Connecticut, consisting of modern factory buildings of brick, stone and cement construction, contains a full equipment of up-to-date machinery, which is operated to full capacity and employs upwards of 3,200 persons. For the health, comfort and protection of employees there are provided scientific heating, ventilating and lighting facilities.

products of the company include the Underwood Computing Machine, the Underwood Automatic Typewriter Operator, the Underwood Automatic Pay Station Typewriter, the Underwood Adding Machine, the Underwood Duplicator, the Anderson Automatic Carriage Return, typewriter ribbons and supplies.

Of especial adaptability to the banking business may be mentioned the Underwood



JOHN T. UNDERWOOD
PRESIDENT, UNDERWOOD TYPEWRITER CO.

ties; due safeguards against accidents; separate dining halls for men and women, where wholesome meals are served at small expense to the employees desiring them; two well-equipped emergency hospitals and two mutual benefit societies for the care and protection of sick members.

The general offices are located in the new Underwood Building, an eighteen-story modern office building erected for the company's use, at the corner of Church and Vesey streets, New York City, and the company maintains branch sales offices and agencies in all the principal cities of the world. In addition to the celebrated Underwood Typewriter for correspondence, the

Computing Machine, which is a combined writing and tabulating machine useful in making extended statements, reports and statistics of all kinds involving additions and subtractions, and in computing totals both in vertical and cross additions. Also the Underwood Automatic Typewriter Operator, which operates the typewriter by electricity and produces original typewritten letters with different names and addresses, and salutations and compliments, when desired, at the rate of 6,000 words per hour. This machine makes it possible for the first time to automatically prepare circular letters in the form of original letters and thereby obtain for them an attention



CHAS. W. HAND
VICE-PRESIDENT



DE WITT BERGEN
TREASURER



CHARLES STRAUSS
GENERAL COUNSEL



S. T. SMITH
GENERAL MANAGER

and interest on the part of the addressee which is not usually given to circular letters.

The Underwood Standard Typewriter has rapidly advanced in popularity throughout the world. It has been displayed at all expositions of importance since 1900, and in every case has received the highest award.

In addition to the awards by expositions, the Underwood, in 1910, received from the Franklin Institute of the State of Pennsylvania, established nearly one hundred years ago for the promotion of the mechanic arts, and comprising among its membership the foremost body of mechanical engineers in the world, the Elliott Cresson



ELLIOTT CRESSON GOLD MEDAL PHILADELPHIA	1910.
GRAND PRIX BRUSSELS	1910.
GRAND DIPLOMA OF HONOR BUENOS AYRES	1910.
GRAND GOLD MEDAL ST PETERSBURG	1909.
GRAND PRIX TURKESTAN JUBILEE	1909.
GOLD MEDAL GLASGOW	1908.
GRAND PRIZE BARCELONA	1907.
GOLD MEDAL JAMESTOWN	1907.
GRAND PRIZE MILAN	1906.
GOLD MEDALS 121 PORTLAND OREGON	1905.
GRAND PRIZE LIEGE	1905.
GRAND PRIZE ST LOUIS EXPOSITION	1904.
GRAND PRIX ST. PETERSBURG	1904.
GRAND DIPLOMA OF HONOR ST. PETERSBURG	1904.
DIPLOMA OF HONOR ROME	1903.
GRAND PRIZE LIMOGES	1903.
GRAND PRIZE ROME	1902.
FIRST GRAND DIPLOMA VENICE	1901.
GOLD MEDAL PAN AMERICAN BUFFALO	1901.
GOLD MEDAL PARIS	1900.

Gold Medal, which is the Institute's highest award. After a thorough examination of the machine by its committee on science and the arts it reported, among other things, that "abundant opportunity was given the committee to examine minutely every detail of the manufacture of its writing machine at the factory in Hartford, Conn., where, under the most able management, the best materials obtainable are converted by a very superior equipment and through exacting workmanship into a writing machine of extraordinary perfection in its minutest details."

In practical use and operation the Underwood has proven its superiority over all competing machines in speed, accuracy and



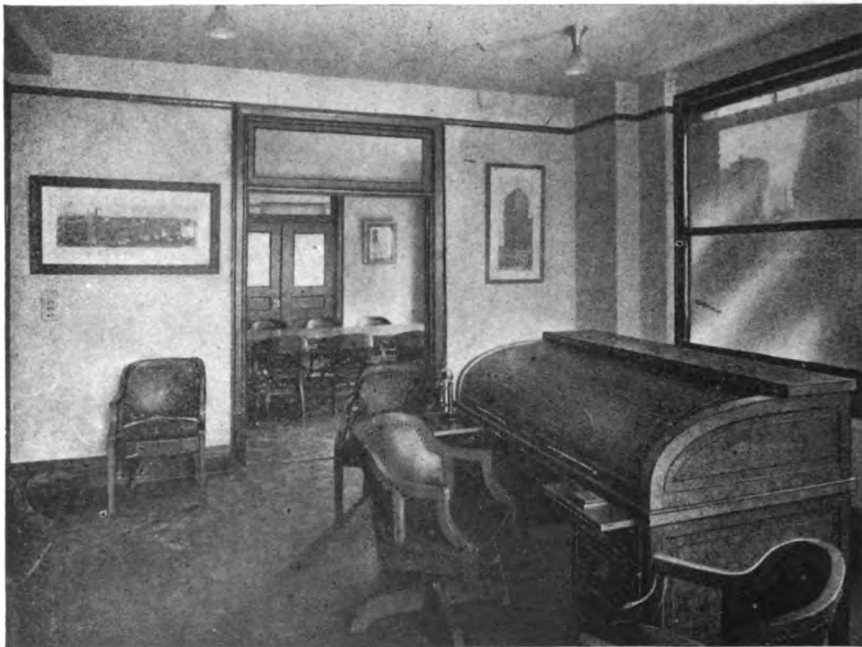
J. H. NEAHR
GENERAL SALES MANAGER



C. D. RICE
FACTORY SUPERINTENDENT

reliability by winning all championship typewriting contests, including novice, amateur and professional, held in the United States and Europe in recent times. Not only first place, but usually the second and third places were won by operators of this machine. As a result of the superior quality of the machine and the broad and progressive policy of the company the sales of Underwood machines, it is stated, have for

and sale of typewriter ribbons and supplies. Through this allied connection with the typewriter industry he was naturally in a position to realize its future possibilities and consequently in the early nineties was prompt to see the opportunity afforded by the Wagner patents to make and introduce an improved model of typewriter of the front stroke visible style of construction. Accordingly, he secured control of the



PRESIDENT UNDERWOOD'S OFFICE

several years largely exceeded those of any machine in the world.

During the past decade typewriters have largely replaced handwriting for such office work as making out invoices, customers' statements and ledger sheets, reports and statistics of all kinds, so that to-day many corporations use from four to ten times more typewriters for this work than for regular correspondence.

BIOGRAPHICAL.

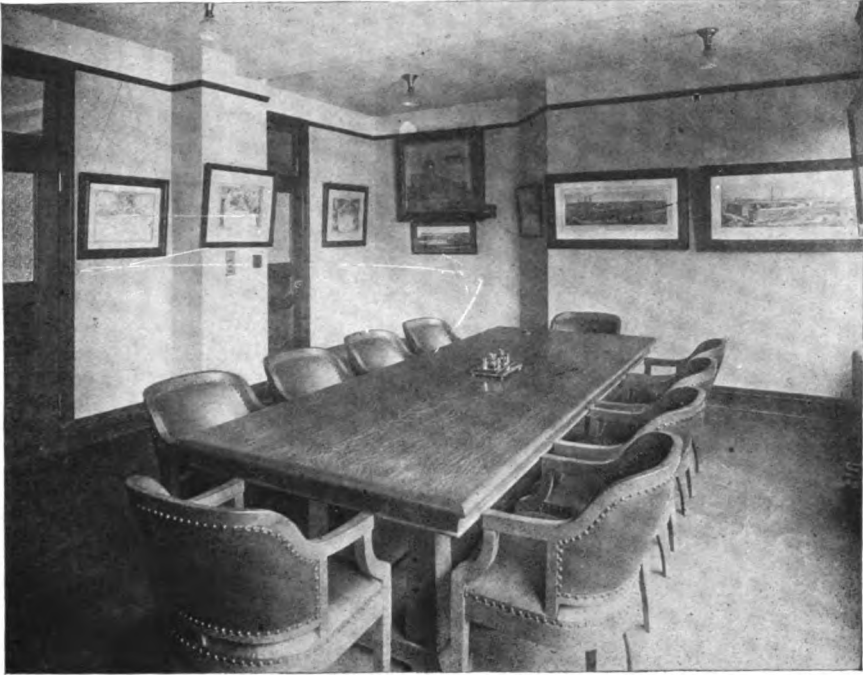
John T. Underwood, president of the company, was born in England. He is a son of the late John Underwood, who established the firm of John Underwood & Company, manufacturers of Underwood inks, in London about 1850 and also in New York about 1870. John T. Underwood devoted his earlier years to the business of John Underwood & Co. in New York, which meantime added to its line the manufacture

Wagner patents and proceeded to organize a company to manufacture the Underwood Typewriter, which made its first appearance on the market, a complete and dependable machine, in 1897.

Charles W. Hand, vice-president of the company, has occupied that office for the past six years. He is a native of Pennsylvania, having come to New York in 1881 and organized the Davis Oil Company, of which he is still the president. From 1897 to 1906 he was treasurer of the Board of Foreign Missions of the Presbyterian Church.

DeWitt Bergen, treasurer, has held that office from the beginning and is a member of the executive committee.

Charles Strauss, general counsel of the company and member of the executive committee, has been associated closely with Mr. Underwood in directing the affairs of the company from the beginning. Mr. Strauss is a prominent mem-



BOARD ROOM

ber of the New York bar and president of the Board of Water Supply, which is supervising the construction of the new water system of New York City, including the building of the aqueduct from the Catskill Mountains.

This article would not be complete without including a brief mention of the active men of affairs, who, in addition to the gentlemen previously named, constitute the board of directors of the company. These gentlemen are: Harry W. Davis, manager of the Registrar & Transfer Company at Wil-

lington, Delaware; Henry Goldman, member of the firm of Goldman, Sachs & Co., bankers, New York; Oscar L. Gubelman, of Knauth, Nachod & Kuehne, New York; J. Henry Haggerty, president of the Haggerty Refining Co., New York; Philip Lehman, member of the firm of Lehman Bros., bankers, New York; Daniel W. McWilliams, secretary and treasurer of Manhattan Elevated R. R.; Henry Morgenthau, member of the firm of Henry Morgenthau & Co.; and Jacob Wertheim, president of United Cigar Manufacturers Company.

THE STORY OF WALL STREET

THOSE who have borne an active part or taken an interest in the development of big business and the storms which have blown upon it from Washington and elsewhere during the past decade, will find a unique souvenir of these events in a book which is being brought out under the direction of Mr. Charles A. Conant, on "Modern Financial New York and the Men Who Have Made It." The story of the panic of 1907 and the relation between New York and the national finances, told by such men as ex-Secretary Cortelyou and President Cannon of the Fourth National Bank, ought to afford a vivid view of the anxieties and efforts in which these men, like Aeneas

in his story, themselves played a great part. The steel plates alone, apart from the text, will form an interesting collection to those who have come in contact with some of the men represented. Each plate has had the approval of the subject or members of his family and they make altogether a remarkable list. Among them are Grover Cleveland, Theodore Roosevelt, Lyman J. Gage, George B. Cortelyou, William C. Whitney, J. Pierpont Morgan, Cornelius N. Bliss, Thomas F. Ryan, Russell Sage, George W. Perkins, William A. Day, Theodore P. Shonts, and many other leaders in finance and business.



AN INTERESTING RELIC OF THE CONFEDERACY

See page 636

INTERESTING RELIC OF THE CONFEDERACY

MANY interesting and quaint inscriptions have been found on bank notes and other forms of paper currency passing through the banks. Bank of England notes, owing to the large blank spaces they contain and the quality of paper on which they are printed, readily lend themselves to the pens of the wits, philosophers and poets into whose hands they may fall.

Through the courtesy of Mr. John M. Miller, Jr., vice-president and cashier of the First National Bank of Richmond, Va., *THE BANKERS MAGAZINE* is able to present herewith a Confederate note which is interesting in several ways.

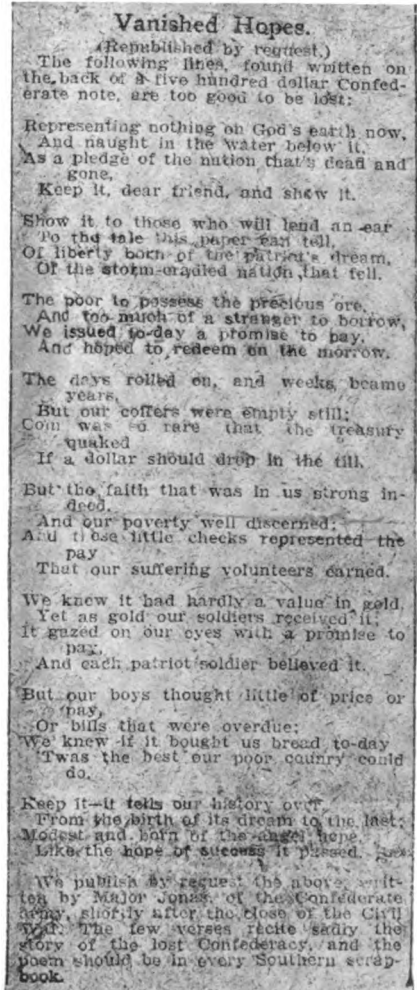
The note itself revives memories of the great historic struggle between the North and South—memories which, after fifty years, have lost all trace of bitterness.

An inspection of the face of the note will show that it is signed by J. C. Joplin, who was a clerk in the Confederate States Treasury Department, and in that capacity signed Confederate money for the Treasurer of the Confederacy.

On the organization of the First National Bank of Richmond, in May, 1865, Mr. Joplin was appointed a clerk, and later was made paying teller. In February, 1902, he was made assistant cashier—a position he still occupies at the age of seventy-six years.

Probably no other bank in the United States has as one of its officers at the present time an official of the Treasury Department of the Confederate States.

Upon the back of a similar Confederate note was written the poem which is reproduced herewith. The poem is said to have been written by Major Jones of the Confederate Army, shortly after the close of the Civil War.



AN INCIDENT OF COUNTRY BANKING

BAD habits are sure to corner a man in time. Allowing overdrafts is a bad habit. I once had a woman customer who overdrew frequently. Upon notice she would make good, and immediately overdraw again. She eventually came to consider that a bank's main business was conducted upon overdrafts.

The bank examiner dropped in one day, and while he was counting the funds this woman swept in and in breezy tones remarked:

"I suppose I shall have to overdraw that account again to-day; but I know you won't care."

"Um—er—" I began, as I grasped the counter to help out my knees.

The examiner's piercing, coal black eagle eye was eating a large, jagged hole through me at the time. I took a brace and assumed a look seven times wiser than a hoot-owl.

"Madam!—ahem!—I regret to say that it is the policy of this institution to discourage the reprehensible practice of overdrawing accounts, and might suggest that it will facilitate our mutual happiness if this particular overdraft is made a most temporary one."

The woman frapped in an instant, wheeled and stalked out. I wiped my forehead as I heard a small chuckle behind me—it was the bank examiner!—*N. H. Crowell in "Sunday Magazine."*

FOREIGN BANKING AND FINANCE

EUROPEAN

CHARTER OF THE BANK OF FRANCE

WHILE the present privileges accorded to the Bank of France will continue until the close of 1920, these privileges are nevertheless being attacked by those opposed to capitalistic enterprise. An inquiry conducted by the French Government among the chambers of commerce has shown a unanimous sentiment among these bodies for a continuance of the present privileges of the bank.

Thanks to its strong metallic reserves, the Bank of France has been able to offer, almost without exception, for a period of twenty-five years, the lowest and most stable rates of discount in the world. It has been able to defend the French foreign exchanges while hardly altering its rate. The bank had to raise it to four per cent. at the end of 1907, but the corresponding rates at that time were seven and one-half per cent. in Berlin, seven per cent. in London and six per cent. in Vienna and Brussels. On January 23, 1908, the French rate was again lowered to three per cent., the figure at which it stood for seven years before the crisis, and at which it has since remained. From 1881 to about 1891 the general mean of the discount rates in France had hardly risen above 3.20. From 1897 to 1910 the rate of discount in France has undergone only slight variations, between a maximum of 4.50 and a minimum of two, while the variations have numbered fifty-four in Germany, between 7.50 and three; fifty-two in Switzerland, between six and three; and thirty-one in Belgium, between six and three.

As a result of the inquiry among the

French chambers of commerce, it is not likely that the existing privileges of the bank will be disturbed.

When the charter was renewed in 1897 a considerable number of obligations were imposed upon this institution in favor of the State and in favor of the public. Thus the bank immediately deposited forty millions for the benefit of agricultural credit, a sum which brought the advances made to the State without interest to 180 millions. In addition, the bank paid towards agricultural credit an annual royalty which amounted on an average to 700,000 francs. It deposited with the State 10,700,000 francs of bills of the old non-renté type, and it paid over three-quarters of the proceeds of discounts on foreign paper, the rate of which exceeded five per cent. In addition, it undertook to place to the credit of the State the proceeds of Treasury operations, while at the same time increasing them. For the benefit of the public it has multiplied the number of its branch establishments and sub-offices much more than was legally necessary. It has lowered the minimum amount of the bills admitted to discount; given new facilities to free clearing; admitted to discount on the same terms as internal paper bills on the colonies, or on places abroad, drawn in France, or addressed to business men living in France.

FRENCH PROVINCIAL BANKS

AN organization of the French provincial banks is reported by the Paris correspondent of the London "Economist," the organization having as its object pro-

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$788,115.74

Deposits, \$2,195,056.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents: — **NEW YORK**, National Park Bank, Mechanics & Metals National Bank; **LONDON**, Dresdner Bank, Credit Lyonnais; **BERLIN**, Deutsche Bank, Berliner Handels Gesellschaft; **PARIS**, Credit Lyonnais, Comp. toir National d'Escompte; **HAMBURG**, Deutsche Bank Filiale Hamburg; **Commerz und Disconto Bank**; **MADRID**, Banco Hispano Americano, Banco de Castilla; **HABANA**, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

tection against the competition of some of the great French credit institutions like the Société Générale, the Credit Lyonnais and others, which have set up a whole network of branch offices. As these institutions know how to float large new issues profitably to themselves, they have been in a position to make low charges in their branch offices, which carry on ordinary banking business. The local banks, which previously carried on almost exclusively the same operations, found themselves in the presence of severe competition. Several of these banks have been absorbed by the big institutions, and have become mere agencies or branch offices. But in spite of everything, many of these banks have survived, and some of them have attained very considerable importance. So with the private bank, which originated, in fact, at Lyons, and maintained its field of activity there and at Marseilles, and in the surrounding districts for a long time. So, also, with some banks of Meurthe and Moselle.

These provincial banks have found very effective means of fighting the big credit establishments, by attempting to imitate them—that is to say, by combining to float loans, paper which would bring in a larger income, thanks to higher commissions, than could normally be obtained by such business. Agreements were thus made for the formation of a syndicate of provincial bankers, with the very modest capital of 500,000 francs, composed of small shares, held by the provincial bankers. The syndicate has already succeeded for some years past in obtaining issues of large sums even in competition with the big credit institutions. This has yielded big returns, and has enabled the provincial banks to lower the prices which they charge for ordinary banking operations.

As money for investment is abundant in France, and as new issues and investments are always remunerative operations and may be very numerous, the provincial banks have conceived the idea of replacing their small syndicate by a central company of much greater importance both as regards capital and the extent of its operations. This is the Société Centrale des Banques de Province, which has been actually created with a capital of 50,000,000 francs. It springs out of various provincial banks, which are all represented by directors of local banks on the board of the new company. The bankers who have formed this company have also taken precautions to prevent it from passing into other hands. Part of the shares (10,000,000 francs) can only belong to provincial bankers. The remaining shares (40,000,000 francs) will obviously be in the hands of a very wide public, but the constitution of the company is such that the control belongs to the owners of shares of the former kind, that is to the provincial bankers.

The Société, which has a considerable



Banco Minero

CHIHUAHUA, MEXICO

Capital - - - - \$5,000,000.00

Surplus Fund - - 1,960,000.00

**Transacts a General Line
of Banking Business.**

**Drafts and Letters of Credit on
Europe, United States and
Mexico.**

**Collections on any part of
Mexico Given Prompt and
Careful Attention.**

CORRESPONDENCE INVITED

New York Correspondent, NATIONAL PARK BANK

JUAN A. GREEL

General Manager

JESUS J. FALOMIR

Cashier

BANCO NACIONAL DEL SALVADOR

SAN SALVADOR

Authorized Capital	-	-	-	\$5,000,000
Subscribed Capital	-	-	-	2,000,000
Paid-up Capital	-	-	-	1,000,000

Head Office—SAN SALVADOR

Republic of Salvador, Central America

Agencies at all principal towns in the Republic.

Correspondents in the most important cities abroad.

Banking Business transacted of every description.

Special attention given to COLLECTIONS -- moderate commission.

Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

capital and an imposing title, will meet with a better reception among those who have securities to sell or loans to raise, and it is certain that by their participation in the Société Centrale the various provincial banks will receive a new lease of life in their various branches and agencies. These will, moreover, represent the Société Centrale. They will perform ordinary business as cheaply as the big credit societies, and will be much better situated than before for giving credit to small merchants and manufacturers.

CANADIAN BANKS IN LONDON

FOR a long time, says "The Economist," Canadian banking interests were directly represented in London by the Canadian Bank of Commerce and the Bank of Montreal and the Bank of British North America, the latter being a London bank formed in 1840 for the purpose of establishing financial relations with Canada. Many of the Canadian banks are represented in London through the agency of London and other banks, but they are now beginning to realize that a larger share of business falls to those which have an office of their own. The Royal Bank of Canada was added to the list of Canadian banks in our half-yearly Banking Supplement last year,

and our next summary will include the figures of the Dominion Bank of Canada, which is shortly to open a branch here. The bank has previously conducted its London business through the agency of the National Bank of Scotland. The bank was founded in 1871, and has its head office at Toronto; its paid-up capital amounts to £800,000, reserve and balance of profits to £1,061,000, and its deposits are nearly £10,000,000. It is a striking testimony to London's financial supremacy that more and more colonial and foreign banks find it profitable to open branches here, while none of our great joint-stock banks have so far found it necessary to have branches abroad. New York's ambition, of course, is to take London's place as the centre of the financial world, but her banking system is not yet equal to the task.

LONDON JOINT STOCK AND PRIVATE BANKS

ACKNOWLEDGMENT is made of the receipt of the Analysis of the Last Published Balance-Sheets of the London Joint-Stock and Private Banks, issued by H. W. Birks, of Egypt House, 36 New Broad street, London, E. C. It contains a great deal of interesting statistics relating to these institutions.

BANCO DE SONORA

Capital Paid Up, \$1,500,000.00

Surplus, \$1,200,000.00

Main Office: HERMOSILLO, MEXICO

Branches in Guaymas, Nogales and Alamos, Son.; Chihuahua, Chih.
and Culiacan, Sin.

We have agents in almost every place and mining camp in Sonora and Sinaloa

**Foreign Exchange. Gold and Silver Bullion Bought and Sold. A General
Banking Business Transacted**

COLLECTIONS CAREFULLY MADE and PROMPTLY ACCOUNTED FOR

Deposits Received in American and Mexican Money

ADOLFO BLEY, President

MAX MULLER, Vice-President

LUIS BRAUER, Manager

THE BIRKBECK BUILDING SOCIETY

LESSONS not without value are drawn by the London "Statist" from the history of the Birkbeck Building Society, which after sixty years of useful work was compelled to suspend during the past summer. "The Statist" says:

Taking into account the nature of the work done by the Society and its defective constitution, most people will be surprised that it did not meet with disaster long ago. In the first place it is a building society issuing £50 shares payable in installments of 6s. 6d. per month and drawing dividends of five per cent., with a bonus at the end of ten years when the shares are fully paid. The shares, moreover, as we have said, are repayable by the Society on demand. The method of issuing the share capital is practically all there is in the undertaking of the nature of a building society. In the next place, the Society has taken deposits as if it were a bank, and these deposits and current accounts amounted last year to nearly £11,000,000, upon which interest was paid. The receipt of banking deposits was practically all there was about the Society of a banking character. Having got its capital on a building society basis, and its deposits on banking conditions, it proceeded to use its funds as if it were a trust company. The normal banker keeps about twenty per cent. of his funds in cash or on deposit with other banks, and in money at call and at short notice, and employs over fifty per cent. of his funds in discounts and advances, and uses only twenty per cent. in investments. The Birkbeck Building Society, on the other hand, employed only sixteen per cent. of its funds in cash in hand and with bankers, in money at call, and short loans and advances to customers, whereas it placed seventy per cent. of its total funds in investments and about seven per cent. in mortgages and ground rents. In brief, in the matter of capital the company was a building society, in the matter of deposits it was a bank, and in the method by which it employed its funds it was an investment trust company. As either one of the three—as a building society, a bank, or an investment trust company—its safety would have been secure, but to endeavor to work

on the three lines was fatal. That the Society has lasted for sixty years indicates the great care that has been taken to invest the banking money safely.

GERMAN BANK CONSOLIDATION

BREMEN reports a bank consolidation, the Deutsche Nationalbank absorbing the Bremische Hypothekenbank. The former bank has a capital of about \$8,250,000 and the latter \$750,000. Several of the big Berlin banks are stockholders in the absorbing bank.

BANKING CORPORATION

REFERRING to the action of the Bank of England and the joint-stock banks in guaranteeing against certain further depreciation in the assets of the Yorkshire Penny Bank, and the action of several of the principal banks in furnishing the capital necessary to put the institution on a more satisfactory footing, the "Bankers' Magazine" of London says that this is a good example of what can be accomplished when the Bank of England and the joint-stock banks promptly join hands in first discussing, and then solving, a difficult situation.

AUSTRALASIAN

BANK OF NORTH QUEENSLAND

AT the half-yearly meeting of the shareholders of the Bank of North Queensland, Ltd., held at the head office in Brisbane, July 21, the chairman of directors, Hon Sir Alfred S. Cowley, Kt., read the following report:

Deposits stand at £810,892. Twelve months ago they amounted to £641,672. Advances stand at £620,108. Twelve months ago they amounted to £558,242. Cash reserves total £302,304. Twelve months ago they totalled £231,044.

Royal Bank of Scotland

Incorporated by Royal Charter, 1727

Paid-up Capital £2,000,000

Rest and Undivided Profits . £1,013,565

Head Office - - ST. ANDREW SQUARE, EDINBURGH

Cashier and General Manager: ADAM TAIT. Secretary: A. K. WRIGHT

London Office - - 3 BISHOPSGATE E. C.

WM. WALLACE, Manager. ALEX. DICK, Deputy Manager

Glasgow Office - - EXCHANGE SQUARE

A. DENNINTOUN, Agent. THOMAS LILLIE, Sub-Agent

159 Branches Throughout Scotland

Banking business of every description transacted. Accounts opened for Foreign and Colonial Correspondents. Bills, Cheques and other documents collected. Deposits received at interest repayable at call.

The proportion of cash reserves to our public liabilities is about 36½ per cent., a satisfactory proportion for this period of the year.

Bank premises have increased to £45,501, as compared with £40,037, on the 30th June of last year. The increase as you are already aware, is due to the purchase of the block of land at the rear of our property in George street, Sydney, and to the purchase of other property in New South Wales and Queensland.

Bills payable and other liabilities amount to £29,179, against £25,827, twelve months ago.

The net profits for the half year amount to £4,850, compared with £4,716, for the corresponding half year. We have available for distribution a balance of £7,841. From this amount will be paid the usual dividend at the rate of five per cent. per annum, and from the balance we propose to transfer £4,000 to contingency account in pursuance of our policy of strengthening our internal position.

During the half year we closed our branch at Charters Towers, and have since opened a branch at Innisfail in North Queensland.

There has been, as you have seen, a considerable increase in our deposits and a corresponding increase in our advances during the past twelve months. The continuance of good seasons with satisfactory prices for our principal products has resulted in a great accumulation of money in the hands of the banks. It is available for

profitable employment in the present and as a reserve for the future needs of the community. Now that the stream of emigration to Australia is widening new channels for its use will be found and we may hope that settlement on the land, with the increased railway facilities afforded, will more than maintain its present expansion. Every ship that brings new citizens to our shores is an important factor in the development of the Commonwealth and every immigrant at work helps to increase the production and the distribution of wealth.

RECENT BANK RETURNS

THE complete Australasian banking returns for the quarter ending June 30 last, present some interesting features. Whilst banking business is generally quiet during the June term, owing to the clip and crop movements being over in Australia, Commonwealth deposits for the last quarter have moved up from £139,305,488 to £141,377,328. There is a gain of £13,496,342 for the twelve months ended June 30 last, on top of the increase of over £12,000,000 for the year ended June 30, 1910. In New Zealand the increase since June 30, 1910, is £1,797,224, making a total expansion of deposits for Australasia for the twelve months of £15,293,566, against £16,-

BANK OF NEW SOUTH WALES

Paid-up Capital	- -	- - -	\$15,000,000
Reserve Fund	- - -	- - -	9,850,000
Reserve Liability of Proprietors	- - -	- - -	15,000,000
			\$39,850,000

J. RUSSELL FRENCH, General Manager



**Agents in San Francisco, Bank of California National Association and
Anglo and London Paris National Bank**

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

Mexican Companies Organized. Foreign Companies Protocolized
Foreclosures and Reorganizations Managed
Concessions Obtained International Claims Adjusted

MEXICAN TITLE-MORTGAGE COMPANY

Head Office - MEXICO CITY

Branch - 25 BROAD STREET, N. Y.

IF you have land or mining titles in Mexico, you should have them examined and abstracted in English. No matter how long you have held them, there may be fatal defects which our examination would show, but which can be cured—at small expense. It costs nothing to write us for particulars.

063,691 for the year ended June 30, 1910. Therefore deposits have enlarged during the two years by over £31,350,000, due to the good times. Advances for the Commonwealth, at £113,141,238, show a growth of £11,747,911 for the year, and for New Zealand an expansion of £2,749,326, or a total for Australasia of \$144,496,637. This total compares with an enlargement of advances for the year ended June 30, 1910, of £1,728,045.

A comparison of the deposits and advances for June, 1910, and June, 1911, is given herewith:

	June, 1910.	June, 1911.
Deposits	£153,875,662	£169,169,228
Advances	121,595,801	136,092,438
Exc. of deposits.	£32,279,861	£33,076,790

DEPOSITS PER BANK.

	March Quarter, 1910	March Quarter, 1911
	£	£
Bank of N. S. Wales..	29,288,012	32,850,687
Bank of Australasia..	15,370,629	17,047,233
Union Bank of Aust..	17,938,508	10,318,046
Com. B. Co. of Sydney	16, 40,040	18,825,937
Aust. Bank of Com..	3,124,792	3,057,149
Com. Bank of Aust..	5,189,092	5,905,624
National of Australasia	9,415,652	10,384,692

Bank of New Zealand	13,101,997	14,570,655
Queensland Nat. Bank	6,449,065	7,116,404
E., S. and A. Bank..	4,405,740	4,995,953
Bank of Victoria.....	5,903,279	6,326,199
London Bank of Aust.	3,943,379	4,367,547
Colonial of Australasia	3,471,618	3,838,960
City Bank of Sydney	1,317,447	1,502,419
Com. of Tasmania....	1,521,582	1,587,787
Nat. of New Zealand	3,473,485	3,522,622
Bank of Adelaide.....	2,984,212	3,138,868
Royal of Queensland..	1,307,499	1,406,312
Royal of Australia....	1,414,685	1,828,423
Bank of N. Queensland	675,351	770,958
National of Tasmania	543,663	554,256
Western Australian Bk.	2,340,681	3,024,514

Total 150,017,608 165,941,149

ASIATIC

THE GOVERNOR OF THE BANK OF JAPAN

AT the head of the Bank of Japan—the great central financial institution of that country—is Baron Strigeyoshi Metasuo, who was born February 6, 1843, at Yokata, a village near Himeji, in the Prefecture of Hyogo, in Japan.

His father, Saheiji Nakane, was head

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager

Paid-Up Capital, \$10,000,000 Reserve Fund \$8,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given it for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : MEXICO CITY, D. F.

man of the village and had a large family with many sons, of whom was the subject of this sketch, the eldest. At the age of eight he commenced to receive instruction in reading and writing from one of the priests of the Shoshazan, which is in the neighborhood of Himeji and noted as the site of one of the well-known Buddhist temples in Japan. In passing it is to be noted that the only schooling that was available in those days for boys of a family residing out of a town was generally at the hands of a Buddhist priest. It was in May, 1854, when he was about twelve years old, that he was adopted by Mr. Schichibei Matsuo, whose long cherished wishes in the matter prevailed in the end, and so he went to live in the latter's family, whose residence is in the adjacent district not very far off from the place of his birth. His foster-father was a country samurai and one of the financial agents in the services of the feudal lord of Himeji. In December, 1859, he was married to the third daughter of Mr. Gorobei Matsuo, a relation of his present family and who was also a country samurai in the same village. During the year 1861 he left home and settled at Uwajima, in the province of Iyo, where he obtained an appointment at the service of the feudal lord Date. In his capacity of a samurai of the clan, the rank of which was then conferred

upon him, his duty was to take charge of the affairs relating to the staple productions of his lordship's domain. This was

The Mexican Financier

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Published in Mexico*

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BANK, INDUSTRIAL AND MINING
STOCKS

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TO ALL INVESTORS IN MEXICO

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JOHN R. SOUTHWORTH, F. R. G. S.
Managing Director

CALLE DEL ELISEO . MEXICO, D. F.
Cable Address, Cel-South. P. O. Box 1172,
Mexico City

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

only at the time when he had barely come of age.

About this time the agitation for the cause of the Emperor prevailed throughout the land. He was one of those who early looked forward to the restoration of the Emperor's Government in lieu of the Shogunate. With this purpose in view, he visited, in fact, Kyoto and its outlying dis-



BARON SHIGEYOSHI MATSUO
GOVERNOR OF THE BANK OF JAPAN

tricts several times on a secret commission. When on December 26, 1867, the lord of the clan set out to proceed to the capital at the Imperial command, he was one of the suite, and on their way the party came as far as Osaka, where they remained for a while, watching the course of events which pointed every moment to the consummation of the great work of the Restoration. As soon as the new régime had been finally established, early in 1868, he was appointed by the Imperial Government at Kyoto to enter upon the service of the latter, and re-

mained in Osaka or Kyoto to take charge of the affairs pertaining to several offices until October, 1870. Then he was transferred to the Department of the Treasury in Tokio and remained in office in the same department up to October 20, 1903, when he was appointed Governor of the Bank of Japan by the Government.

Baron Matsuo's official career in the service of the Government in the Meiji era covers full thirty-five years, most of which was spent in the Treasury Department, the last of his appointments being that of Chief of the Financial Bureau. During his tenure of office the country underwent many vicissitudes in matters political as well as financial and economic. Especially in regard to matters relating to the finances of the country his experience was wide and varied. To illustrate his connections in such matters may be mentioned the management of affairs relating to the conversion of the feudal debts and hereditary pensions into Government loans, adjustment of Treasury funds in their receipt and disbursement, accumulation and employment of the Government reserve funds, adjustment of the business concerning the Treasury Deposit Bureau, redemption of paper money, consolidation of public loans, management of the expenses of the war with China, currency reform, management of the Chinese indemnities, raising of foreign loans for industrial and other purposes, organization of such special banks, such as The Bank of Japan, Yokohama Specie Bank, Hypothec Bank of Japan, Agricultural and Industrial Banks, Bank of Taiwan (Formosa), Hokkaido Colonization Bank, Industrial Bank of Japan, etc.

But it was as Governor of the Bank of Japan that he was called upon to undertake a more onerous responsibility. In 1904, the year following his appointment to the Governorship of the Bank of Japan, the strained relations between Japan and Russia culminated to the outbreak of the war. As Governor of the Central Bank at this critical juncture, onerous duties devolved upon him in connection with the supply of the sinews of war, the guidance of the economic circles, and the maintenance of the convertibility of notes. The measures taken by the bank were attended with felicitous results. The internal loans of ¥780,000,000 and the external loans of £82,000,000 issued in connection with the war, were handled by the Bank, and no scar was brought upon either

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

the monetary system or the money market of his country, in spite of the severe strains of the war. In consideration of his services to the State His Majesty the Emperor was pleased to confer upon him the dignity of Baron in April, 1906. His services were rendered also in connection with the program for financial adjustment and economic development after the war. At the expiration of his term as Governor of the Bank of Japan in October, 1908, he was re-appointed to remain in office for another term of five years. But he was desirous for some time past to be relieved from active services on account of his advancing age, and was at last allowed by the Government to retire on June 1. On this occasion the Emperor was pleased to promote him from the second grade to the first grade of the third court rank, and to present him with a silver bowl. He now retains only the membership of the House of Peers, to which he had been appointed by the Imperial command in March, 1900.

SUMITONO BANK

FOR the half-year ended June 30, 1911, the Sumitono Bank of Osaka, Japan, showed: Brought forward from last year, yen, 892,105.72; reserve for doubtful debts, yen, 50,000; net profit for the half-year, yen, 280,306.93. This was applied, to reserve fund, yen, 150,000; reserve for doubtful debts, yen, 50,000; proprietor's revenue, yen, 75,000; balance carried forward to next half-year, yen, 947,412.65.

The footing of the bank's balance-sheet on June 30, 1911, was 55,854,232.98 yen. The capital is 1,000,000 yen, reserve fund, 4,650,000 yen, and deposits, 44,611,000 yen.

K. Sumitomo is proprietor of the bank, and K. Makada, manager.

A CHINESE-AMERICAN BANK

ACCORDING to the London "Bankers' Magazine," advices from Berlin are to the effect that a contract was recently sent from Peking to the United States for signature, the contract being for the formation of an American Asiatic Bank, with a capital of \$10,000,000 (Mexican), of which China is to subscribe one-half the capital. Branches of the bank, the report says, are to be opened at Canton, Shanghai, Tien-tsin and Hankow.

BANK OF KOREA

THE new building for the Bank of Korea which is now in course of construction, at Seoul, was originally planned by the Dai-ichi Ginko with an appropriation amounting to 1,080,000 yen. When the business concerning the functions of a central bank, hitherto conducted by the Dai-ichi Ginko, was transferred to the Bank of Korea, this appropriation was also transferred to the latter, and the construction work of the building, commenced on November 15, 1907, is expected to be completed by the end of February, 1912.

GENERAL NOTES

—Removal of the London office of the Bank of New South Wales is announced, the new location being 29 Threadneedle st., E. C.

—Returns of the London banks making half-yearly reports indicate a slightly greater profit than that for the preceding six months. Several banks have now adopted the policy of declaring dividends subject to income tax, instead of free of such tax, as was the former practise. But

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

H. C. HEAD, Cashier

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted
Telegraphic Transfers

Foreign Exchange Bought and Sold
Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

as in most cases the dividends have been correspondingly raised, the result to the shareholder will be the same.

—While the minimum rate of discount of the Bank of England was changed nine times in 1910, ranging from three to five per cent., the discount rate of the Bank of France remained unchanged at three per cent. during the year.

—In 1910 the bills discounted at the Bank of France included 334,373 below the value of ten francs (about \$2), and many of these bills were for not more than five francs, or about one dollar. Fifty-five per cent. of the total of bills discounted were below twenty dollars.

showing a deficit of 47,427,370 pesos paper. The Government raised in Paris a loan, a short time ago of 166 million pesos, and it has obtained authority from Congress to raise a further loan of 100 million pesos. From these two issues the deficit will be covered. During 1909 and 1910 the extraordinary expenditure amounted to 295,087,323 pesos. The expenditure for 1911 is fixed at 425,395,261 pesos, thereby exceeding the revenue by 120,697,712 pesos. The estimated expenditure for 1912 is 46,156,720 pesos less than for 1911. The census of 1909 showed that the rural wealth amounted to 8,706 million pesos, agriculture and cattle products, 1,457 million pesos. In that year 18,755,000 hectares were cultivated and produced 1,190 million pesos.

LATIN AMERICA

BANKING IN CHILE

CHILEAN banks have prospered well during the past half-year and several of the larger institutions have increased their capitals proportionately.

An issue of fourteen million pesos has been assimilated by stockholders of the Banco de la Republica; the Banco de Chile, it is reported, has at the present time a capital of sixty million pesos and a reserve fund of twenty-five millions, and the Banco Espanol de Chile recently added twenty million pesos to its capital stock.

ARGENTINA

ACCORDING to the financial estimates for 1912 the expenditure is 379,238,540 pesos. The estimated revenue is 89,281,681 dollars gold, 144,016,718 pesos paper, and 15,750,000 pesos bonds secured upon lands valorized by public works. In other words, while the expenditure is estimated at 379,282,000 pesos paper, the revenue is estimated at 331,854,630 pesos paper,

BUENOS AYRES

THE returns of the bank balances on July 31 show a diminution during the month of deposits by \$3,000,000 gold, and \$12,700,000 m/n, an increase of discounts and advances by about \$7,000,000 m/n, and a diminution of cash reserves by \$4,600,000 gold and \$16,700,000 m/n. These changes were probably due to advances to agriculturists for harvest work.

It is reported that the Bank of the National Buenos Ayres will occupy new quarters in a new Bolsa building now under construction between Calle 25 de Mayo and the Paseo de Julio.

COSTA RICAN LOAN IN EUROPE

THE Costa Rican Government has contracted for a new loan of 35,000,000 francs, to be issued in Paris, the contractors being Albert Kahn, of Paris; Behrens & Sons, of Hamburg, and Speyer & Co., of New York. The contractors take the whole of the loan at 80 per cent. net, and after an official quotation has been obtained on the Paris Bourse the Costa Rican Government is to draw one-fourth

THERE ARE THREE DEPARTMENTS OF THE Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paving work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalaajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

CORRESPONDENCE IS INVITED

Compañia Bancaria de Fomento y Bienes Raices, de Mexico, S. A. MEXICO, D. F.

President—F. PIMENTEL Y FAGUAGA

1st Vice-Pres.—P. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

of the net proceeds of the loan and the balance within the following six months. The issue price has not been disclosed and has probably not yet been fixed, but the rate of interest will be 5 per cent., and amortization is to be carried out in forty years. The loan is secured by a first mortgage on the revenues of the liquor monopoly and generally on the revenues of the country, and the Government—which requires the money for the repayment of the bonds of the Pacific Railway and the internal debt—has agreed not to make any new loan for two years. In the event of war or political disturbances in Europe or Costa Rica, or if French rentes fall three points, the bankers may suspend the execution of the contract until three months after those events have ceased.

Any question that may arise with regard to the execution or interpretation of the contract is to be submitted for the decision of the ordinary tribunals at Paris or Hamburg, with right of appeal to the superior courts of Paris or the German Empire. The fact has been commented on that, although Speyer & Co. are one of the bankers contracting the loan, there is no right to refer disputes also to the courts of the United States.

be exempt from all taxes and will pay the government 100,000 bolivares during the first five years, 125,000 during the next five and subsequently 1,000,000 yearly to the end of the contract. All material needed for this undertaking may be imported free of duty and 100 families may be brought into this territory yearly to carry on the work. The concession is of a sweeping character and allows the company to exploit all the natural resources of the country.

INVESTMENTS IN SOUTH AMERICA

THE British capital invested in South America has been calculated as amounting to nearly \$3,000,000,000. Great Britain has thirty-five per cent. of the South American trade and Germany has about sixteen per cent. The figures showing the amount of trade with the United States are not available, but it is known that the increase over that of a few years ago has been very marked.

VENEZUELA GRANTS HUGE CONCESSION

AN important concession has recently been granted by the government for the internal development of the country. The territory of the Amazonas which has an area of about 80,000 square miles and which is very rich in agricultural and mineral resources is to be exploited. The contracting party has agreed to establish a steamship line on the Orinoco and Rio Negro Rivers from the frontier of Venezuela to the neighboring republics of Brazil and Colombia. It will also build a railroad along the right side of the Orinoco to make connections with vessels that navigate up to port of Pericos. The company will

AMERICAN MONEY IN CUBA

THE United States Consul at Havana estimates the investments of American capital in Cuba at \$220,000,000, of which \$50,000,000 is in sugar mills and plantations, \$25,000,000 in public utilities, \$25,000,000 in railroads, and \$15,000,000 in the mining industry.

SAVE MONEY

Not for to hide it in a hedge,
Not for a train attendant;
But for the glorious privilege
Of being independent.—Burns.

THE RATE OF INTEREST PAID ON DEPOSITS

ONE of the old Wall Street stories tells of an apple-woman who paid three cents apiece for apples and sold them at two cents. She was asked how she made the business pay, and answered that the profit was in the volume of the business. This story seems to apply to deposit banking where rather high rates of interest are paid. There must be some mysterious profit in the volume of the business, as large figures seem to be the ambition of many bankers and directors. Perhaps it is explained by the desire for fame or power rather than profit, as the purchase of deposit liabilities (debts), if large, has become a mark of great distinction in all communities, and the source of much power. It also enables bankers to publish and advertise large resources, omitting liabilities. For instance, one sees total resources in large letters under the name of an institution, giving the impression, one would imagine, to the public, that the resources belonged to the institution advertising them, and not largely to the depositors, which is generally the case.

To be able to get big money, payable on demand, at a rate of interest in many cases higher than the demand rate for money at the Stock Exchange and on short-time paper, is considered successful banking, as the idea has grown that money can be made in carrying and dealing in securities by a bank or trust company organization plus the expense of officers on a salary. In some notable cases it has been very successfully accomplished. Granting the bank officer can be found with the qualities necessary to be a successful merchant or dealer who can appraise risks—which is not easy in a country where these qualities are likely to bring success to a man working for himself—is a bank or trust company organization with large demand deposit liabilities the safest and cheapest way for merchant bankers to borrow their money?

A celebrated wit recently remarked that "a stock broker is a man who knows the price of everything and the value of nothing." But who does really know future values? Even where the security is absolute, as in the case of bonds legal for savings banks, the rate of interest current may change.

To a great extent the use of deposits in maturing loans and notes seems the safest, as it keeps the institution liquid, but it only permits the paying of a rate of interest that can be covered by making loans at the market.

The depositor must remember that the cost of the money to the banker is increased by the idle money that has to be kept at all times in the vault to meet legal reserve requirements and that taxes and

expenses must also be added to the interest account.

Groups of bankers' associations, banking conventions and the banking departments will find it worth while to study the price paid for money (the cost of the goods), the current rate on loans and the net result of the business. Perhaps it can be shown that it does not pay to buy money at high rates.

The public is well served by the banks and trust companies, and they should recognize their obligation to accept a rate justified by the rate current on loans, and not force bankers to make investments (except to a limited and justified extent) to cover demand obligations.

The banks and trust companies are, as a class, well managed by skillful and honest officers, the supervision by both national and State officers is efficient. The important reform that seems necessary at the moment is in the rate paid on deposits. Let the depositor cooperate with the banks and trust companies and accept a fluctuating rate on balances as the money market warrants.

The depositors should not force the banker "to be a born optimist with other people's money" or to try and "capitalize the imagination" by dealing in fluctuating securities to make interest, but watch the rate of money and take a fair rate, not force a high rate to be paid on a high bid made by a competitor who wants to buy away the business.

The habit has grown by depositors not to deposit at a fair rate with an institution with whom they have had long and friendly relations and fair treatment, but to sell their money to the highest bidder on demand when money is cheap, and when it advances lend it out through some bank or trust company, and get the market, or else use it during a period of panic in the purchase of securities on the drop. This makes it a rather hard game for the banker. When the depositor is reminded of this he tells the banker that this is his lookout.

Some time it will come about that general consolidation of banking institutions will stop unwise competition. It must come or capital and labor now employed in banking will seek other employment. Then the pendulum will swing the other way; a charge will be made for handling small accounts and larger deposits will only be accepted on terms that pay. Then the banker can combine power, fame and profit—the last being to the small stockholder the most important.

BANKING PUBLICITY

Conducted by T. D. MacGregor

THE RIGHT KIND OF BANK ADVERTISING

By C. F. Huebner, of the Citizens Savings & Trust Company, Iowa City, Ia.

NO business other than banking, it would seem, has confined itself to the use of such universal forms of advertising and such stereotyped methods. These are familiar to all, even to those who are not students of advertising. We all recognize the so-called "business card" of this bank or that, containing, as it usually does, the mere name of the bank, a list of its officers, a statement perhaps of its capital, its surplus and such hackneyed phrases as "Interest paid on Deposits," "Money to loan on Real Estate," "Does a General Banking Business," and so on down the list. Considered from the standpoint of effectiveness these "business cards" are almost at the very bottom of the advertising scale and the more rapidly and more completely they can be thrown into the rubbish pile the more rapid and complete will be the emancipation of the banking business from the rut and stigma of "poor advertisers."

ADVERTISING IS AN ASSET.

There are other forms and methods of advertising which are coming more and more into use with the banks and the fact that this is the case would seem to be an indication that even a business so staid and dignified, so surrounded with the halo of "standpatism" as the banking interests of this country is awakening to the value of advertising and the necessity of the greater use of printer's ink as a commercial asset. Some of these are: The publication of the financial statements of the bank from time to time, the presentation of calendars and various kinds of souvenirs to customers and others, the distribution of monthly or occasional pamphlets or "magazines," tables of statistics showing the growth of a bank, the advertising of some special feature of any particular institution, such as safety deposit boxes, special accommodations for particular classes of customers and the like; the featuring of the business acumen and the financial standing of the officers and directors, and extra interest inducements, such as are sometimes offered by banks.

The publication of the financial statement of the bank, aside from the general requirements of the banking laws and strictly as advertising, is a doubtful advertising medium, because of the fact that the public does not as a general thing rely on figures and also because the ordinary bank state-

ment is about as understandable and as clear to the man on the street as a Greek lexicon. He knows little and cares less about discounts and rediscounts and overdrafts and bills payable and receivable and the other items which go to make up bank statements. He has not the slightest idea of how the book value of the bank's stock is determined, nor anything but a smattering of knowledge concerning the requirements of the law as to reserves, capitalization and so forth, and yet it is his eye that the advertisement is designed to attract.

Criticism might also be made of the calendar and the souvenir phase of advertising; they are only what they profess to be, souvenirs. They are considered as gifts provided from the enormous profits which the bank is making from the money which is entrusted to its care. The recipient accepts it as a reward of merit, as it were, and if his artistic sense be in proportion he may say something in praise of the good taste of the souvenir, but it will not draw a dollar from his pocket.

EDUCATIVE ADVERTISING.

These instances have been mentioned and these criticisms made for the purpose of showing wherein lies the weakness of some forms of bank advertising. They lack educational value and education is the cardinal principle of advertising. It is its reason for being. Other methods of bank advertising go much farther in supplying this element, notably the practice now followed by some banks of publishing and distributing through the mail of pamphlets and near-magazines filled with good, pithy reading matter, stories, anecdotes and epigrams and maxims concerning the matter of money, the value of the saving habit, its results and the part that the banks plays in the whole. This is advertising of the highest type, because it is educational, it makes the direct appeal to intelligence and to reason. It presents thoughts and ideas which are food for thought and which if effective enough bring about the thing desired, the establishment of personal relations between the bank and the customer, either as depositor or borrower.

The other phases which have been mentioned are of considerable value as advertising media, since they have the effect of attracting the attention of the individual to the relative value of the particular institu-



A GROUP OF STRIKING BANK EMBLEMS

tion as a safe partner in the financial relationship which has been or may be established.

SPECIAL INDUCEMENTS.

Especially is this true with respect to the extra-interest features which many banks offer to their present and prospective patrons, such as the payment of interest on daily balances, the payment of interest on savings deposits, the allowance of interest for full months on all money deposited before the tenth day of the month, the payment of one per cent. additional interest on money left with the bank for longer periods than the customary six months and the com-

puting of interest for periods less than six months. These all result in increased business and are therefore to be considered as good advertising media. They are, however, not available at all times, nor in all localities, and the success with which they can be used depends upon local conditions and upon the character of banking ethics operative in this or that particular place. Much depends upon these factors and the degree of development which the advertising of a bank may attain must be governed by them.

Anything which a bank may do by way of advertising must be of a high quality. It must possess what is known in the ver-

nacular as "class." It must have creative force, it must command respect and it must have that quality which makes a direct appeal to those whom it is intended to reach. John Lee Mahin has defined advertising as "influencing the minds of people," and bank advertising must have the quality of influencing the minds of people to the extent of convincing them that your particular bank has all the characteristics of strength, security and financial soundness which should be possessed by an institution to which you would be willing to entrust your money and with which you would confidently carry on such fiduciary relations as you might have.

EMPHASIZING QUALITY.

There is almost no limit to which any attempt to obtain quality cannot be carried. It can be brought to public notice through the medium of stationery, pass-books, letter-heads, checks, drafts, notices, statements, and in everything which passes from the bank into the hands of the public. The best is none too good. It can be carried out in the fitting up of the banking room, the fixtures, signs, and in every detail intended to attract the eye. Calenders should always be of high class, artistically considered, any other kind is money wasted. The newspaper and magazine advertising should

have the same general *motif* of class, the copy should be clear and distinctive in statement. Not only should there be high quality in the advertising through the press, but it should be constant and consistent. Instead of an accidental page or fraction thereof, occasioned by the visit of the advertising manager of some paper the day before, there should be daily use of the newspapers, with frequent change of subject matter. Too much newspaper advertising is impossible, and this is true of all lines of business.

PRINTER'S INK AND PAPER.

The combination of printer's ink and paper is irresistible in its persuasive power when persistently and intelligently combined. In all advertising it is sticktoitiveness that accomplishes things, and so in bank advertising keeping everlastingly at it will bring success. All other things being equal and given conditions and personalities which beget and justify confidence, the growth and progress of any bank can have no greater aid, nor can desired results be brought about more quickly and more easily than by a policy of liberality and continuity in the use of those media which have their origin and their materialization in the three-fold amalgamation of paper, printer's ink and brains.



THE PSYCHOLOGY OF SAFETY

By A. M. Ingraham, Cleveland, O.

"WE are able because we think we are able," said Virgil, thus immortalizing what was doubtless an old saying, even in his day. History again and again reveals the importance of correct thought in attaining any definite object.

People often act on false impressions, causing disaster. They are often misled into giving their confidence to untrustworthy causes by being made to believe that these causes are true and right.

The truth must not only be the truth, but the people must think that it is the truth.

All practical bankers know how important it is that a bank should be safe, but many bankers do not appreciate the necessity of impressing the public with the fact of safety. Almost every State has passed laws making it a misdemeanor to circulate any untrue statement concerning financial institutions, incorporated under State laws. Diligence, however, in making known the truth is much more important than measures

to prevent the circulation of false impressions. The positive side is more necessary than the negative side.

JUDICIOUS PUBLICITY.

Many a safe financial institution has suffered the detrimental effects of a run, reducing its resources and injuring its influence, simply because the truth concerning its actual condition was not adequately impressed upon the public mind by judicious, carefully worded advertising.

It is scarcely necessary to state that advertising cannot be permanently effective in covering loose methods or unsafe banking. Unfortunately for the reputation of publicity as a means of establishing the soundness of a financial institution more firmly in the public mind, it has been illegitimately used to cover rottenness in bank methods. It is, however, no argument against advertising, as a means of procuring the good will of the public, to find that it is some-

times used by unscrupulous men to promote untrustworthy financial schemes.

At first thought, the practical banker feels that everybody must know how safe and secure his bank is. The substantial building which the bank occupies is an evidence of its strength and stability. The display of a large volume of currency daily in the cages is another assurance of the bank's ability to pay its depositors—an assurance that the public cannot fail to understand. Moreover, the large number of well-to-do and respected citizens who patronize the bank seem to be an irrefutable recommendation of the bank for the confidence and esteem of the public.

KNOWLEDGE PRODUCES CONFIDENCE.

Yet we have found all of these elements failing when the test of public opinion has been applied. Many an instance might be cited where depositors have overlooked the above evidences of safety, together with other safeguards, and have plunged headlong into a disastrous run upon the bank, not because the bank was unsafe, but because the public believed it to be unsafe.

With these facts in mind, let us turn for a moment to the consideration of methods for producing impressions of positive safety upon the minds of men and women who are depositors or patrons. One psychological principle, which is fairly well established, is that knowledge produces confidence. The management of a bank should always strive to inform the public concerning the bank's affairs. All matters relating to its management, that can be safely treated for general information, should be set forth in a conservative, careful way by letter, folder, booklet or newspaper advertisement. The ordinary newspaper publicity should be avoided. When reporters dive into the affairs of the bank, chaos follows.

Every published statement should be carefully scrutinized by the officers of the bank. A great deal of harm has been wrought by so-called bank advertising that is written by inexperienced individuals, who are not able to see, before hand, the effects of an ill-advised thought or expression.

EDUCATING THE PUBLIC.

A banker should strive to familiarize the public with those features of banking which assure safety. Simply to have a fire and burglar proof vault, installed in some portion of the bank not frequented by the public, would not procure the conviction that the funds, securities, and valuable papers of the bank are adequately protected. The fact that the impregnable vault is a part of the bank's equipment must be constantly set clearly before the public mind. It cannot be assumed that everybody knows that a bank has a vault. This knowledge must be reiterated in various forms so that the

public will be convinced that the bank is provided with the proper vault protection. One of the best effects—indirect of course—that come from advertising safe deposit boxes, is found in the fact that the public mind is impressed with the safety of the bank that so advertises.

Thus it is not only necessary to have all banking safeguards such as audits, examinations, ample capital, conservative management, rules with regard to making loans and investments, but it is also positively necessary to impress these safeguards upon the minds of prospective patrons or depositors.

The knowledge of safety is as important as the fact of safety.

In bringing about this result judicious advertising has amply proved its right to a place in the favorable consideration of every progressive, prudent banker.

Advertising, in the true sense of the word, comprises the use of dignified booklets, letters mailed direct from the officers of the bank, carefully prepared statements and newspaper advertisements, as well as certain other forms such as street car cards, and novelties.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

Stuart Wilson, Cashier, State National Bank of Texarkana, Ark.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

H. M. Jefferson, Cashier, Bank of Coney Island, Coney Island, N. Y.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

GLAD TO EXCHANGE.

We use several different mediums for advertising purposes, and in addition have been very liberal in circularizing and in writing personal letters. I am of the opinion that our advertising has been very beneficial to us, and in many instances has been the direct cause of much new business.

I did not see your original proposition for exchanging booklets, etc., with those who have listed their names with you, therefore I do not know what steps are necessary to get on your list. I would, however, like to have you add my name, and if there is anything further to be done, kindly advise me. I will be glad of the opportunity to make exchanges.

Assuring you that I shall hold my services at your command, I am,

Yours very truly,

W. O. BOOZER,

Barnett National Bank,
Jacksonville, Fla.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

IN sending us a collection of newspaper advertisements of The Barnett National Bank of Jacksonville, Fla., Mr. W. O. Boozer, assistant to the president of that institution, writes:

Having read, with interest, criticisms by you of advertising copy, submitted by the different banks, I am enclosing herein several ads. that we have used in our local newspaper, together with one of our most recent booklets. In addition, we use circulars and other means of keeping ourselves before the public.

I would be glad to have you write me frankly your opinion of our copy matter; also I would appreciate your returning these ads. to me, as I have taken them from our file. Thanking you in advance, I am, etc.

One of the advertisements referred to is reproduced herewith. It appeared in the newspaper in the space of twelve inches by four columns, but it is too verbose even for that large space. The argument in the copy is strong, but it is a question whether the average newspaper reader will wade through all that matter. But if he doesn't, at least the big boldface figures at the top of the ad., ought to make a good impression upon him.

Mr. Boozer also sent a full page advertisement and several smaller ones, all of which are well balanced and effective.

The National Bank of Commerce of Rochester, N. Y., runs an ad. on the front page of a theatre programme. We repro-

WEEK OF SEPTEMBER 4 to 11, 1911

THE CORINTHIAN THEATRE

HENRY C. JACOBS, Prop.

HOME OF MIRTH AND MELODY AND LAUGHTER

We Ask For New Accounts

BECAUSE WE ARE CAPABLE OF RENDERING THE BEST OF BANKING SERVICE, AND WE OFFER THAT HIGH MEASURE OF SECURITY THAT APPEALS TO THE PRUDENT AND CONSERVATIVE PEOPLE OF THIS COUNTRY.

4%

Paid on Interest-Bearing Accounts

DEPOSITS RECEIVED BY MAIL

National Bank of Commerce

11 STATE STREET
ROCHESTER, N. Y.

The Golden Crock

MOMUS AND CROESUS

Capital \$ 750,000.00
Surplus and Profits . . 443,846.62
Stockholders' Liability, 750,000.00
Legal Guarantee . \$1,943,846.62

This means that we must lose \$1,943,846.62 before you, as a depositor of this bank, could lose one cent. It means that you are guaranteed the safety of your funds beyond a scintilla of a doubt. This enormously large sum of money is not the limit to your guarantee against full protection—to this capital are added three of the **STRONGEST** features known to credit, that of **CAPACITY**, **CHARACTER** and an **HONORABLE HISTORY**. Let's analyze all four of these features.

CAPITAL: The sum is unquestionably adequate for all legitimate requirements of the bank; it is sufficient to permit the bank to properly protect the interests of its customers at all times. This statement has been tested and proved in the past.

CAPACITY: The men behind this **CAPITAL** have the **CAPACITY** to handle it advantageously. Many years figure in the development of their experience, and they are therefore enabled to make the very best investments with the minimum amount of risk. A successful banker should have a good knowledge of the nature of every business in the section in which his bank is located; should know how certain conditions will affect certain businesses; be unswerving in his disposition; learn to consider safety first and profits afterward; have that happy faculty of reading human nature; always have his finger-tips on the pulse-beats of the country; and by all means have the confidence of the Public. Our officers have been schooled along these lines; studying banking as a profession.

CHARACTER: Character has always been a very important factor in the ultimate success of any legitimate business, and should therefore form part of the bed-rock on which a successful bank rests. Our officers all bear most honorable records—read their names; you know them.

HISTORY: The history of the Barnett National Bank dates back to 1877, when Mr. W. B. Barnett founded the "Bank of Jacksonville." It was in his honor that the bank subsequently took his name. Its history has been one long, continuous record of phenomenal success.

BANKING FACILITIES: The Bank is conducted in a most modern and up-to-date manner, its system being the outgrowth of thirty-four years of experience. If you have a banking business, you can conduct it at the Barnett National, and you can have the assurance of safety and convenience. We want to impress upon you this fact: **WE ARE LARGE ENOUGH TO SERVE YOU, BUT NOT TOO LARGE TO APPRECIATE YOU.**

If you do not find it practical to come to the bank, you will find it safe and convenient to use the mails.

In our Savings Department we pay 4 per cent. interest per annum, compounded quarterly.

OFFICERS:

W. D. Barnett, Chairman.
 Frank Adams, President.
 G. R. DeLauneau, Vice President.
 A. G. Cummer, Vice President.

R. E. Wheeler, Cashier.
 W. R. McQuaid, Assistant Cashier.
 C. S. L'Engle, Assistant Cashier.
 G. A. Kirk, Jr., Assistant Cashier.

Jacksonville's Oldest and Florida's Largest Bank

Barnett National Bank of Jacksonville

Temporary Building Laura and Adams Streets.

A LOT OF READING MATTER

duce the front cover, which is about the gayest environment for a bank ad. which we have ever seen.

Mr. Carl W. Art of the Publicity Department of the Union Trust & Savings Bank of Spokane, Wash., writes:

We wish to thank you for the splendid comment and display accorded the page of advertisements of Spokane banks which you gave us in the August Bankers Magazine.

We are enclosing herewith, part of a series of "Human Interest" ads.

which we have been running in the daily papers recently. We would like to have your comment and criticism on them, and are enclosing self-addressed envelope for your reply. Should you care to reproduce them in the Bankers Magazine, we would, of course, be pleased to have you do so. We would, however, like to have them returned to us after you have finished with them, as we have very few duplicates.

We are also enclosing a series of Old National Bank ads. which may be of use to you.

These advertisements speak for themselves. They are uniform in style, but dif-

fer in subject matter. They attract, interest and convince, which is just what advertisements should do.

The Equitable Savings Bank of Los Angeles, Cal., sends out a detailed statement of its condition, but the printed slip contains no indication of where the bank is located. This is a mistake, it would seem, from an advertising standpoint.

A particularly pleasing and effective booklet has been issued by the Bank of Mill Valley, Mill Valley, California. It is printed on pebbled paper and ornamented with fine cuts. It contains an adequate description of the bank's various departments.

The Safe Deposit Department of the District National Bank, Washington, D. C., has printed a good leaflet describing its vault and the service rendered. A woman, Miss Nellie H. Lung, is custodian of the vault.

The Bank of Waynesboro, Pa., sends out a post card bearing this message:

YOUR INVITATION.

If at any time you have money that you wish to put where it is absolutely safe, where it will work for you as long as you leave it, and where you can get it at any time that you may want it, we invite you in this special way to deposit it in this bank on interest.

We will pay you interest in cash every six months, at the rate of 3 per cent. If you wish the money, or we will credit it to your account where it will become part of the principal and also bear interest.

We do not issue Certificates of Deposit for money on interest, but we give a Pass Book to every customer, in which all the deposits and interest credits are entered to show a correct record of the account.

You can open an account in our bank with any amount as low as one dollar. Deposits of any amount may be added afterward.

We solicit and welcome the accounts of children and ladies as well as men, and give all the same careful attention.

We invite you and your friends to do your banking with this strong and conservative bank. Safety is our motto. Prompt service and courteous treatment our pleasure.

THE BANK OF WAYNESBORO.

Mr. H. N. Tinker, active vice-president of the Citizens National Bank of Seattle, Wash., writes:

Being a new bank man in this section of the country, I desire to use a little advertising matter that would

not only call attention to the facilities that this bank had previously offered, but also to get before the public the fact that we are going out energetically after new business. I am enclosing to you herewith, one of the circulars and also my business card, which may be of some interest to you, and we will be pleased to have any criticism that you may desire to make.

The matter which Mr. Tinker sends is full of ginger and enthusiasm, but parts of it are not as clearly worded as they might be. For instance, here are two paragraphs from a circular:

There must be a power of personality that is in almost perfect proportion with public promotion and keenly alert to common ideals. In the conduct of the bank's affairs there should be an honest, home-like confidence. The evolution of the science of banking brings about a new idea of business and the vital points are close observation and properly analyzing human nature.

Really the only thing a bank has to offer is service, and to render to an appreciative public right relationship is a systematic application of skill in an honest endeavor to effect a desired result.

There are some nice sounding phrases here and plenty of alliteration, but what does it all mean when you get right down to it? Take the first sentence, How can a "power of personality" be in "almost perfect proportion with public promotion," or how can that same "power of personality" be "keenly alert to common ideals." And what are "common ideals," anyway?

This advertiser is all right on the fundamentals of publicity, but he is a little hazy in some of his expressions.

We told him as much in our letter of criticism, and then he came back at us with this:


I thank you for your favor of the 25th, calling attention to the weak points in our circular letter, a copy of which we forwarded you a few days ago. That "lost motion" expression, which you used is a new one on us and we are inclosing herewith a draft for \$1.25, for which you may send us one of your books, "Pushing Your Business."

Now some irreverent reader is going to say that we criticize matter submitted just to get an opportunity to sell some of our books. That isn't so at all. We give our advice solely for the good of the cause. But of course we have books and services to sell if any body wants them, and many people have told us that they are worth all we ask for them and more.

Referring to the page of assorted advertisements of various institutions, we take leave to make the following comments:

FIRST NATIONAL.—A very timely advertisement to use this month. The illus-

**THE FOUNDATION OF
THANKSGIVING**



The foundation of every nation, business or profession, is a solid one.

Save your money and a good opportunity for you to make a profitable business investment and secure your future for one of the most important and profitable business opportunities in the world is now available to you.

First National Bank
MOBILE, ALABAMA

INDEPENDENCE!

SUPPOSE you had been "hacking away" just a couple of dollars a week for the past 52. Would not that \$104 be very nice to have right now?

HAVE you saved enough to afford a vacation, up so far from the smoky grid? Make up your mind that you will one year from to-day be able to answer "Yes."

START your saving account with us Monday. Save all you can and we will add 3% interest compounded every six months.

**National
State and City Bank**



Until you have learned that you can't learn you cannot save on the road to success in life.

We pay 3% Compound Interest on Savings Accounts.

Home Savings Bank,
7th St. and Kaz. Ave. N.W.
Branches:
7th and H St. N.E. 43-7th St. S.W.

When your boy is twenty-one



When your boy is twenty-one, he will be a man. He will be a man who will be able to take care of himself. He will be a man who will be able to take care of his family. He will be a man who will be able to take care of his future.

MERCHANTS and MECHANICS SAVINGS BANK
Pa. Ave. & 10th St. N.W. Seventh & G St.

The Commercial National Bank
OF WASHINGTON

National Shawmut
of Water St. Bank Boston

Capital	\$2,000,000.00
Reserve	\$2,000,000.00
Undivided Profits Aug. 30, 1913	\$2,000,000.00
Dividends Paid	\$2,000,000.00
Total Assets	\$12,828,161.69

Leading Agencies of Individual, Trusts, Partnerships and Corporations

BANK YOUR MONEY BEFORE YOU MARRY
IT WILL GROW RAPIDLY OVER TIME

CASE AND OYER are very good friends. If you have a son, don't forget to tell him that the best way to get ahead is to save. If you have a daughter, don't forget to tell her that the best way to get ahead is to save. If you have a son and a daughter, don't forget to tell them both that the best way to get ahead is to save.

THE CITIZENS NATIONAL BANK
CITIZENS NATIONAL BANK BUILDING BOSTON, MASS.

The Old Story of an Old Folly

READ today's paper and you are sure to find the old story of a man who saved his money and became a millionaire. The man who saved his money and became a millionaire is the man who saved his money and became a millionaire.

The Union Trust Company of New York
200 Broadway
Twenty Nine Million Dollars

STERLING BANK
OF CANADA

Business Men

Large and small accounts receive prompt attention. Free interest on deposits.

HISTORY

The story of the Union National Bank is the story of the growth of the great city of Chicago. The story of the Union National Bank is the story of the growth of the great city of Chicago.

Union National Bank
107 Fourth Ave. Pittsburgh, Pa.

VALUE

This is Webster's definition of value. It is the worth of a thing. It is the worth of a thing. It is the worth of a thing.

Manufacturers National Bank
TROY, N. Y.

SOME BANK ADS.—MOSTLY GOOD ONES

tration is a very cheering one and brings home the Thanksgiving lesson that money makes the turkey roast as well as it makes the mare go.

NATIONAL STATE AND CITY—Next is a fourth of July ad., which makes a clever appeal to the man whose thoughts are turning vacationward. A well displayed advertisement.

HOME SAVINGS—Emerson said, "Concentration is the secret of strength." Here is a concentrated and therefore a strong ad. The wayfaring man, though a fool, need not err in seeing the point of this advertisement. The "SAVE" is almost as startling a portent as the "In Hoc Signo Vincis," which tradition says flashed in the sky for the Emperor Constantine and directed his future course.

MERCHANTS AND MECHANICS SAVINGS—This "gets right down to brass

tacks" and shows just what systematic saving will do when carried on over a period of years by means of a savings account. It likewise makes a strong appeal to parental affection.

COMMERCIAL NATIONAL—A special ad. of special service. It ought to pull business from banks needing that kind of service.

NATIONAL SHAWMUT—A very symmetrical advertisement containing some strong figures. It suggests the question, however, if the \$12,828,161.69 is really the total protection for depositors. Is not the collateral held against the bank's loans also to be considered in the light of protection to depositors?

CITIZENS NATIONAL BANK—It is a safe bet that a married man wrote this ad. He has proved in his own experience the folly of the statement that "two can live as

cheaply as one." But "Bank at our bank" is not enough. Please explain why your bank should be chosen. That is, give some reasons for choosing the Citizens National in preference to other institutions.

UNION TRUST COMPANY—Nothing to say about this except that it is short and to the point.

STERLING BANK—Good display, but some ambiguity in the text. Probably it is all classes of *banking* business that is meant, although it is not said.

UNION NATIONAL—Blowing the horn a little, but we guess it is justifiable in an institution with surplus and profits over eight times its capital.

MANUFACTURERS NATIONAL—This is a good idea. Take the dictionary and go down through and pick out definitions that may apply to your bank, although a closer connection than is brought out in this advertisement would be desirable.

A TRIUMPH OF ADVERTISING

MR. C. L. CHILTON, Jr., advertising manager of the First National Bank, Montgomery, Ala., writing in "Printer's Ink," says:

A job worthy of high mettle, this; a job that demands the most distinctive layouts and typography, the highest class of art work, and one of the most elusively difficult types of copy; but when a man has really been educated in this way to come to your establishment and finds things correspond with your claims and the general tone of your message, you can mentally shake hands with yourself at having accomplished one of the triumphs of advertising.

They won't tell you they saw your ad.; they will be very quiet and uncommunicative; but if you trace them to where they come from, classify them, carefully record new business and compare month with month, year with year, the only conclusion you can reach is the delightful one—that bank advertising can be made to pay!

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE REQUIREMENTS OF A MODERN BANK BUILDING

By Alfred C. Bossom, Architect, Specialist in Bank Buildings

Bankers contemplating the erection of new buildings should read the following account, specially written for THE BANKERS MAGAZINE by Alfred C. Bossom, the architect specialist in bank buildings. His article is the result of many years' experience in the designing and building of banks in various sections of the country. [Editor.]

HAVING been requested to describe for the readers of the BANKERS MAGAZINE what I have found from experience to be the requirements of a modern bank building, I feel I should start at the beginning; for such requirements are of more interest to those seeking a new home for an existing institution or those desirous of reconstructing an old building, which brings up the subject at once of location.

Primarily a bank should be a substantial structure and therefore, unless a special reason exists to the contrary, should occupy a prominent site, located on a main business thoroughfare, preferably a corner, immediately adjacent to its patrons and readily accessible by a cheap, quick means of transportation to outlying districts. Near the postoffice if possible is invariably very desirable for this purpose, as it becomes the centre of the town sooner or later.

The building externally should be distinctive, should look like a BANK and should call attention to itself by its substantial and conservative appearance. Its prominence is always largely enhanced by a contrast with its environments; that is, an individual building, if located among tall buildings or having a high office building above it make it stand forth conspicuously. This subject is seldom given sufficient consideration, but if properly applied it is easily the best and cheapest bank advertising medium.

A bank building has a great advantage over an ordinary business building, in that its customers prefer, if practicable, to have an office under the same roof, reasoning that they will get better consideration by being known and will have many facilities afforded them in connection with the bank, and they are generally willing to pay larger

rentals in consequence. This can often be seen where a bank office building is fully rented and adjoining business buildings are not so completely occupied.

The most important external requirement is that the building shall be devoid of anything appearing tawdry, vulgar or cheap. Every layman now knows that the old fashioned system of decorating the windows with large iron pipes to imitate impregnable protection is a pure fake and is no longer impressed by such a display, preferring a strong, substantial building to a flimsy jail. Well considered publicity is greater protection nowadays than small windows heavily laden with bogus bars that merely keep the inside concealed from the passerby.

Only first-class material should be employed and if money is not plentiful, some other cheaper material should be adopted instead of an inferior quality of a more expensive substance, as such construction gives the impression of security. The best quality of granite, marble, limestone, brick, etc., can be used to create an eminently substantial looking building, if the whole be treated with skill, for the limitations and all the shortcomings, that time will always develop. Anything of a perishable nature should under no circumstances be used, for such materials as zinc, tin, etc., soon present a dilapidated appearance, and thus indicate that poor taste has been employed in the construction of the building. This does not tend to inspire confidence in the bank's judgment in other matters that concern its customers.

A bank when going into a new building does so with the idea of making the new habitation its home for a long time and in consequence will suffer for any mistake made in its construction. For this reason untried innovations of materials, should be adopted only after very mature consideration.

Solidity cannot be too strongly impressed upon the outside of the building and as a principle this has always been employed, and in such examples as the Bank of England and the National Bank of France this has been so well carried out that they are world famous for it.

An intending customer gets his first impressions of a bank's traditions and the character of its officers from its outward appearance and this should be made inviting to convey the desired impression of conservative enterprise, which alone will inspire confidence and for this reason if a bank decides to rent its quarters, great care must be employed in the selection of the building under whose roof the institution makes its home, particularly so as the bank should be the soundest institution in its community.

To-day the tendency is to make the bank inviting, bright and cheerful and anything that will tend to make the customers more

at home should be adopted. In institutions where the policy is to have as many patrons as possible personally known to the officers, the officers should be prominently located in the banking room and with only sufficient suggested privacy, contrived by interposing a low rail in front of their space, to prevent a waste of time by having to take part in unnecessary conversation. A sound proof retiring room



ALFRED C. BOSSOM
SPECIALIST IN BANK ARCHITECTURE

PHOTO BY OLIVER LIPPINCOTT, N. Y.

should be arranged conveniently for private consultations between the officers and customers or the officers themselves. This room, if there is sufficient space, should not be the board room, but more of a small anteroom partitioned off from the officers' section. Where this plan is adopted, the directors' room can be situated in a position which will make it suitable for meetings of corporations and firms doing business with the bank, at times when the bank officers are not using it themselves. Cloak and toilet accommodations should also be installed in connection with this room and they should be accessible without passing through the working space of the bank.

Ladies' accounts have now become of such

importance that special provision is made for miladi's comfort in all up-to-date banking establishments. Private rooms fitted with toilet articles, writing materials, mirrors and a "stocking rail," and also tellers' wickets, for their exclusive use, are an essential part of the modern bank's equipment. A good arrangement is to provide a small private room near the entrance of the bank and also to have an alcove between the tellers' cages provided with a curtain, enabling the same tellers to attend to the ladies without practically moving from their places.

Even in small towns a move is being made to provide satisfactory safe deposit accommodations, and where this is developed a good revenue is obtainable from the boxes, as well as forming an additional inducement in bringing customers to the bank. One of the most satisfactory ways to arrange this department is to have the vault large enough to have the bank's cash and securities in a section divided from the boxes by a grille partition with a day gate and using the remainder of the vault for safe deposit boxes of various sizes. This shows the box renter that the same protection is afforded to his property as the bank provides for its own securities and cash.

The space divided off for the bank's exclusive use should be large enough to permit the "money wagon" being left inside and the day gate closed.

The plan allows latitude both for the bank to partition off additional space should it need it, and for the installation of more safe deposit boxes as the increased business demands. In connection with the safe deposit vault, booths of various sizes should be arranged with doors that automatically close behind the user, thus making it necessary for the door to be re-opened by a bank official who could see that the previous user had not dropped any securities, an incident which sometimes occurs.

With the practise of leaving town for the summer growing as it has of late, a storage vault for bulky valuables is often an additional convenience to customers and forms a source of revenue for a space which otherwise would be useless. The entire safe deposit department is now one of the most important of a first class bank's requirements, and if it is well arranged and properly advertised, can become a valuable asset to the bank's earning capacity.

In addition to the ordinary protection of a modern vault, and its latest development—a circular door weighing anywhere up to ten tons—a system of electric protection can be adopted either by embedding the wiring in the body of the concrete surrounding the steel work so that it cannot be disturbed without sounding an alarm, or by electrifying the metal casing.

A free standing vault should have mirrors located around it, making all exterior sides visible from any point outside, this treatment also arranged below, thus giving to one custodian the power of seeing around all corners and underneath from any place at any time.

When the cages are arranged, the convenience of the bank's working force and system are of great importance, but at the same time the proximity of one wicket to another from the customer's side should not be overlooked, for nothing causes more dissatisfaction to patrons than to be jostled in getting to and from the teller's wicket.

The space along the screen may be so taken up by different departments that it is often advisable to have the bookkeepers at some distance and to provide one wicket with "buzzers" which will bring the particular bookkeeper needed without an undue waste of time, so often an objection to the scheme of having them all along the line.

To save handling the books both night and morning, individual book safes located under the various desks for books in constant use are sometimes employed, but this has the disadvantage in preventing the official in charge of the book vault of seeing at a glance if all the books have been placed before he closes the vault for the night.

To free the officers from a great annoyance, the stenographers should be located in a sound-proof room and called either by a "buzzer" to personally receive instructions or to be reached by one of the various systems of internal telephones that have been placed on the market for this purpose. The question of noise also applies to the flooring and too much care cannot be bestowed upon the elimination of this annoyance. One of the best preventatives is the use of an interlocking rubber tiling in the public space and a very heavy linoleum in the working portions.

To procure the best light and fresh air, a banker needs the best available advice, for lack of these is most trying upon the nerves, undesirable for the customers, and most expensive to the bank; a man working at half efficiency is just costing twice as much to produce the result.

Where the site permits, the natural light should always be behind the teller and should shine directly upon the face of the customer at the wicket.

The clerical staff should, if possible, be located behind the cage for the same reason, to ensure as much daylight as possible. This arrangement unfortunately requires a wider site than is always available, but the results if obtained make it well worth striving for.

Since high banking rooms with mezzanines have become popular the satisfactory heating and ventilating of the whole interior means the solving of a ticklish engineering



THE FIRST NATIONAL BANK OF RICHMOND, VA.

problem, for often, if the mezzanine be comfortable, the lower portion of the room is too cold, and if the floor is at a workable temperature, the mezzanine is quite too hot for use.

The comfort of employees is often overlooked to the bank's disadvantage. Proper locker rooms and toilet accommodations always should be provided, and if the local custom is to provide a dining room, it

should be followed, for it is a great time saver, and prevents employees going out of the building from the time they enter in the morning until the time they leave at night.

The material development of the country of late years has been so great that the demand for safe banking institutions has often run ahead of the local facilities, and in the effort to keep abreast of the times

many obsolete systems and buildings have been allowed to exist long after they have ceased to be efficient. The building and the system are inseparable, and it is recognized that a new building should also stand for the discontinuance of out-of-date practices, and for the installation of all proved labor-saving arrangements, which signify money-making methods.

A modern bank should have all the latest electrical appliances which have proved superior to the old thick wall protection. A fully protected first-class building signifies the progressive spirit, which stands for the rapid handling of business at a reasonable cost, which has become so essential on account of the keen competition.

Like all branches of industry, a bank has to specialize more or less, and definite arrangements ought to be made to accomplish this. To meet these requirements, one who has made a special study of the entire banking question as applied to its home, and who would not allow one consideration to have undue prominence to the disadvantage of others, can aid indefinitely

in installing the bank in quarters that will be both economical and efficient in its conduct, signifying where savings may be made, or improvements incorporated at little expense.

With the banking situation as complicated as it is to-day, a banker can hardly keep pace with all the improvements introduced into the building, as well as in the operating of the bank itself, and by having competent advice the saving in time alone is considerable. The makers of various articles, and the experts on various details make the banker's life a burden if he attempts to decide all the points himself, unaided, or unadvised by an independent expert on the subject as a whole.

A substantial modern structure is an advertisement which it is difficult to overrate, and a desirable customer prefers to become associated with an institution located in a building of this character, one completely arranged with up-to-date vault equipment and protections, and all the improvements which modern practice has proved desirable and profitable.

MONEY ORDERS BY BANKS

A PLAN has been worked out by the American Bankers' Association to compete with the government system of money orders by mail. The matter has been in the hands of a committee composed of Joseph Chapman, Jr., of Minneapolis, chairman; Joseph T. Talbert, vice-president of the National City Bank in Manhattan, and E. D. Durham of Onaraga, Ill.

A letter has been drawn up by this committee and will be sent out from Minneapolis by Mr. Chapman, detailing the plan by which banks will be able to supply their customers with checks which shall be guaranteed by the Bankers' Trust Company for the American Bankers' Association, and which will be good anywhere, just as travelers' checks now are both here and abroad.

It is expected that this will prove of great convenience, especially in the great mail order business, which has grown to vast proportions in recent years. The government now has a business of some \$750,000,000 in money orders, representing about 100,000,000 transactions annually, as the average amount is about \$7, the sums for which or-

ders are drawn ranging from a few cents to \$50.

It is believed that in this field legitimate competition with the government may be entered upon by the banks, which will facilitate business and also accommodate customers by providing, for a small charge, the money order checks. While these cannot be sold for specific amounts as travelers' checks are, as the sums for which they will be drawn are varying, they will be stamped not to exceed a certain amount and a suitable guarantee will have to be given by the purchaser that they will not be improperly used.

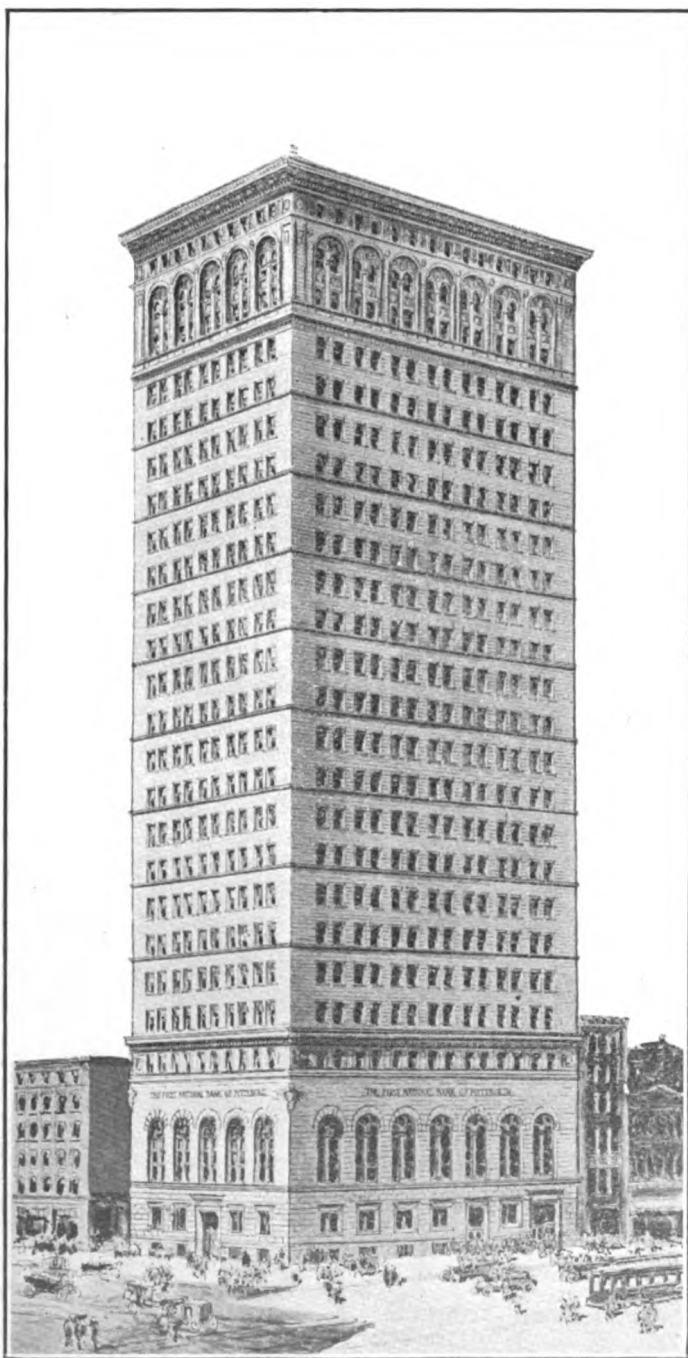
The plan as prepared is for the American Bankers' Association to secure from its members the proper pledges to the Bankers' Trust Company to guarantee the scheme and then for each of the 26,000 banks connected with the association desiring to use the new system to secure its own guarantees from customers. The plan has been under consideration for some time and it is believed that the details have been so arranged that it will work satisfactorily.

CUSTODY OF WILLS

ONE of the strongest arguments that can be advanced in favor of the safe deposit box is that the heirs of a deceased renter are absolutely protected in their rights; if a will has been left, it can be found intact in its fire and burglar-proof receptacle, and the same thing is true

of all other valuable documents, insurance policies, etc.

This is an excellent "talking point" for an advertisement, soliciting patronage for the safe deposit department and was embodied in an attractive booklet recently issued by the National Rockland Bank of Roxbury, Mass.



HOME OF THE FIRST NATIONAL BANK OF PITTSBURGH

The present building of the First National Bank of Pittsburgh, Pa., is being converted into a skyscraper by the addition of 21 stories, which will give a height of 26 stories. The granite and steel edifice finished in 1909 was planned with a view of its ultimate enlargement, and the business of the bank will therefore go on as usual during the work and after its completion. The bank has occupied the site at Fifth Avenue and Wood Street, with frequent additions, since 1852.

BANKING AND FINANCIAL NOTES

Illinois Bankers' Convention.

By C. C. Burford, Mgr. Savings Department
Busey's Bank, Urbana, Illinois

CONSERVATION of natural resources was the main topic of interest at the twenty-first annual convention of the Bankers' Association of the State of Illinois, held in Springfield, October 10-12. The theme of caring for the rich soil of Illinois as a priceless heritage to posterity was uppermost in the minds of the bankers of the State, whose work along these lines for the past year has been directed by a special committee, whose chairman was, and is, as he was reappointed, the president of the association, Mr. B. F. Harris of Champaign.

Himself a banker and a farmer of no small ability, Mr. Harris has put time and energy into the work of his committee, with the result that the deliberations of the Springfield convention attracted national as well as State attention.

James J. Hill, the "Empire-Builder" of

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References—The Bankers Magazine

the Northwest, was persuaded to speak to the bankers of Illinois, and his remarks rang true with advice to the effect that Illinois, with her wonderful virgin soil, must conserve her natural gifts and reform her methods of farming if her present standard of wealth from soil fertility is to be maintained. He warned the audience that eighty acres ought to produce as much as one hundred and sixty does at the present time, and must do so, as the farmer must feed more mouths now than he did years ago. Besides, Mr. Hill asserted, the methods of the American farmer of to-day are wasteful in the extreme. "The farm will fail and the foundation of all of our prosperity will be undermined," said Mr. Hill, in warning his banker friends to take upon themselves the conservation of natural resources.

Besides dwelling upon "the run on nature's bank," the "Empire-Builder" declared that the Aldrich plan for currency reform is unsound and uneconomic. Admitting, however, that Mr. Aldrich and his associates have done a great work, "which should be received with great respect, but studied with great care," Mr. Hill advised the bankers to work out for themselves a plan of currency reform, instead of trusting the problem to political management. "Our monetary system has always been, and for more than a generation has been acknowledged by all well-informed persons to be profoundly unsatisfactory. Yet little has been done to improve it. The initiative must be taken by the bankers. It is in a special sense their problem. If currency reform is not carried through under the leadership of the bankers of this country, it will be taken up by Congress and suffer the same fate that has befallen every other great economic issue after it became the football of party politics."

However, the bankers of Illinois listening to the remarks of James J. Hill with special interest as regards the soil conservation idea, were yet indisposed to radify his attack upon the Aldrich plan, and afterwards they gave their indorsement to the currency scheme of the former senator from Rhode Island. George M. Reynolds, president of

IN THE CAVE OF ALADDIN

A Safe Deposit Narrative

By
JOHN P. CARTER

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**The First and Only Book on
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 George E. Shaw

Capital and Surplus **Twenty Nine Million Dollars**

Franklin National Bank

Capital
\$1,000,000

Surplus and
Undivided Profits
\$2,837,000



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1911

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THOMAS W. ANDREW,
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CHARLES H. JAMES,
Asst. Cashier

FREAS B. SNYDER,
Asst. Cashier

HARRY J. HAAS,
Asst. Cashier

Capital & Surplus, \$3,000,000

the Continental and Commercial National Bank of Chicago, strongly favored the Aldrich monetary plan before the convention, and the association went on record as favoring it.

Dean Eugene Davenport of the University of Illinois; J. Adam Bede of Minnesota, J. A. S. Pollard of Fort Madison, Iowa; Attorney Chester Arthur Legg of Chicago, and many other speakers addressed the convention, most of the speakers following the central idea of the association and favoring agricultural conservation. Retiring President Crabtree of Jacksonville and Mr. Harris, as the chairman of the Soil Improvement Committee, regard the Springfield convention not only as the largest and most successful ever held in Illinois, but as one which has a truly national as well as a State interest in its highly important work of aiding the economic reform known as the conservation of our natural resources.

THE NEW OFFICERS.

The following officers were elected: President, B. F. Harris, vice-president of the First National Bank of Champaign; vice-president, J. D. Phillips of Green Valley; secretary, Richard L. Crampton of Chicago; treasurer, D. A. Wykoff of Alton.

For the office of chairman of the executive council, the stepping stone to the presidency, the private bankers presented no candidate. S. B. Montgomery of the State Savings Loan and Trust Company of Quincy, was elected a chairman, defeating J. S. Aisthorpe of the First Bank and Trust Company of Cairo.

Bankers Taking an Interest in Education.

Western bankers are taking an active interest in the country's educational system, with a view to promoting its adaptation to present-day needs. It is the special aim of the bankers of that section to stimulate the work of the agricultural colleges, so that the farms may be made more productive. With this end in view, the first conference of the Committees on Agricultural Development and Education of the State Bankers' Asso-



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ciations of Idaho, Illinois, Iowa, Kansas, Minnesota, Montana, North Dakota, South Dakota, Washington and Wisconsin, began its sessions in Minneapolis on October 18, with Joseph Chapman, Jr., vice-president of the Northwestern National Bank of Minneapolis in the chair.

In his opening address, after expressing surprise and gratification at the large number present, Mr. Chapman said:

"Our plan in Minnesota has been one of co-operation with the existing educational agencies. We have called the attention of the people of Minnesota to defects existing in the educational system. We have confined our efforts almost wholly to the boys and girls. We have not tried to help the farmer, as is being done in some States. The movement is taking different forms in different States, and when men come here to attend this meeting and make it so thoroughly representative as this is, it shows how widespread the interest and how rapidly the movement is growing.

"When our State Legislature decided to establish twenty agricultural high schools, there were seventy-eight towns that applied, each for one of the schools, which again shows how the interest has grown. It was our intention that the system of education does not fit anyone for anything, that it was laid down in the early history of our coun-

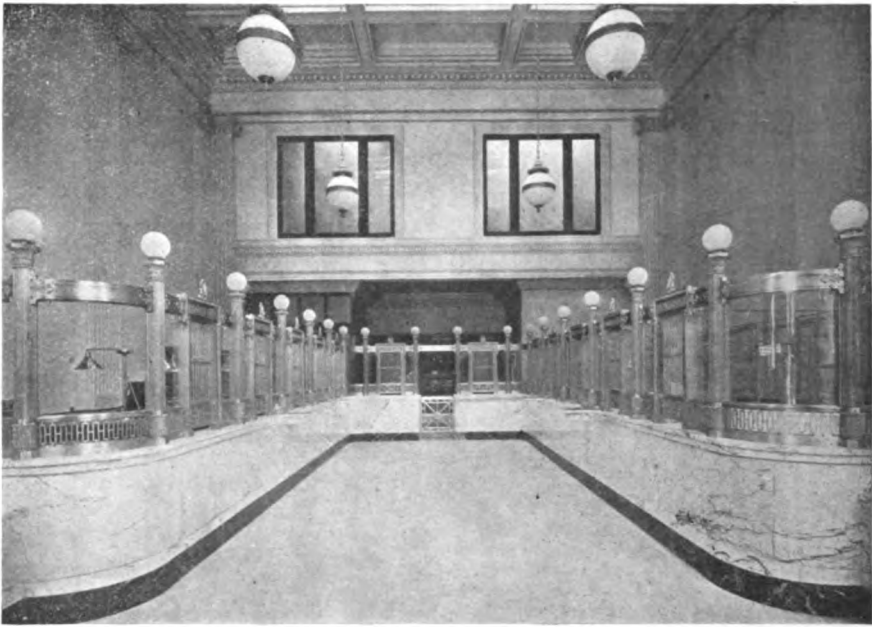
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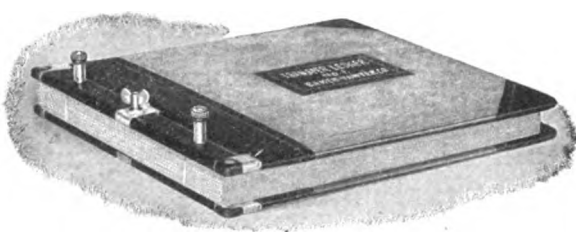
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BAKER-VAWTER COMPANY

CHICAGO

HOLYOKE, MASS.



try by men who intended it for their sons and daughters, and their sons were to be gentlemen and their daughters ladies. It is time the system was so changed or modified that the great class of boys and girls who will have to work for a living will get a greater benefit from the large sums expended."

Addresses were made by a number of prominent educators, and much interest was shown in the proceedings. The delegates were entertained at luncheon as the guests of the Minneapolis bankers.

Wyoming Bankers' Association.

The fourth annual convention of the Wyoming Bankers' Association will take place at Cheyenne, Wyoming, Wednesday and Thursday, November 15 and 16. An instructive and entertaining programme is in preparation by the committee and the entertainment features will be in charge of the Cheyenne bankers.

One Thousand State Banks in Iowa.

Iowa now has under State supervision 1,000 banks, a greater number than any other State.

That number was reached for the first time in the history of the State banking department when a charter was issued recently to the Farmers Savings Bank of Ledderdale, Carroll county, Iowa. The capital stock of the new and one-thousandth bank is \$10,000; the officers are: John Sanderson, president; John Schleismann, vice-president; John Roelfseman, cashier.

Although more than 1,000 charters have been issued only 1,000 State and savings banks are in operation, due to consolidations and suspensions.

Added to the 1,000 State and savings banks are about 325 national banks and about 300 private banks, giving Iowa more than 1,600 banks. That is 300 more banks than post offices, as Iowa, according to the last official report, only has 1,361 post offices.

New York Personals.

J. S. Alexander, president of the National Bank of Commerce, has been elected a director of the Bankers' Trust Company.

At a regular meeting of the board of directors of the Fourth National Bank of the city of New York, held October 17, Cornelius N. Bliss, Jr., was elected a director in place of his father, the late Hon. Cornelius N. Bliss. Mr. Bliss is a member of the firm of Bliss, Fabyan & Co.

Charles Scribner has been elected a trustee of the Fulton Trust Company of New York, to fill a vacancy.

William H. English, vice-president of the Empire Trust Company, has been elected vice-president of the Union Ferry Company, to succeed William A. Nash. Thomas Blake has been made assistant secretary and treasurer.

Trust Companies in N. Y. Clearing-House

At the annual meeting of the New York Clearing-House Association the officers were re-elected. Frank A. Vanderlip, president of the National City Bank, was elected chairman of the clearing-house committee, to succeed William A. Nash, chairman of the board of the Corn Exchange Bank. Walter E. Frew, Richard Delafield and Otto T. Bannard, president New York Trust Company, were elected members of this committee, Francis L. Hine and William H. Perkins retiring.

Joseph B. Martindale, Samuel S. Conover of the Fidelity Trust Company and Pierre Jay were elected to the committee on admissions, to succeed Stuart G. Nelson, Gilbert Thorne and Edwin Schenck. This is the first time that trust company officers have been made regular members of committees.

For the year ended September 30, clearing-house exchanges were \$92,420,120,091, against \$102,553,999,069 in 1910; balances, \$4,388,563,113, against \$4,195,293,966 in 1910. The average daily exchanges were \$305,016,897, and balances, \$14,483,706. The largest transactions on any one day of the year were on January 4, 1911, \$618,918,688.

Capital - \$2,500,000.00



Deposits, \$29,000,000.00

CLEVELAND, OHIO

Surplus and Profits - \$1,390,000.00

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Correspondence Invited

Collections a Specialty

Pittsburgh Chapter, A. I. B., Begins Business.

The opening session of the Pittsburgh Chapter, American Institute of Banking, for the present season, was held on the night of October 10, at the chapter's rooms. The attendance was very large, many out-of-town members being present. The new president, H. E. Hebrank, made his inaugural address, and Congressman James Francis Burke spoke on "The Banker and the Lawyer." J. H. Arthur gave a review of the Rochester convention.

Spokane Chapter Meeting.

Spokane Chapter of the American Institute of Banking held its initial meeting for the fall season at its rooms in the Exchange Bank Building. Charles A. McLean, cashier of the Traders National, recently elected president of the Washington Bankers' Association, addressed the young men on the work in the State Association and its connection with the American Institute of Banking. The three delegates of the chapter to the national convention held in Rochester, Joseph W. Bradley of the Old National, B. A. Russell of the Washington Trust Company, and W. N. Baker of the Northwest Loan and Trust Company, reported on the proceedings of the convention. Informal addresses were made by M. W. Lewer, assistant cashier of the Exchange National, and E. R. Anderson, assistant cashier of the Fidelity National. The local chapter will take up its educational work in the near future, and an interesting season of this branch of its work is expected. Practical and technical banking instruction and discussion of topics along the same lines will be emphasized.

Girard National Bank of Philadelphia Elects Third Vice-President.

Joseph Wayne, Jr., was elected a vice-president of the Girard National Bank of Philadelphia on October 10, retaining his

title of cashier at the same time. The vice-presidents now are Richard L. Austin, Theodore E. Wiedersheim and Mr. Wayne.

Mr. Wayne is one of the many young bankers of Philadelphia who have worked themselves up from the bottom through sheer merit. He has a wide circle of friends and is recognized as an able, constructive and conservative banker. He is an ex-president of the Pennsylvania Bankers' Association.

Mercantile Bank of Seattle Entertains.

With the object of acquainting its stockholders and friends with the rapid progress of the institution, the Mercantile Bank of Seattle entertained a party of fifty-one at a recent dinner. Cashier C. S. Harley explained the growth from \$14,000 deposits on the opening day last January to \$455,000 at this time, and urged that the amount be brought to \$500,000 by January 1. The bank now has 1,500 depositors and caters especially to small accounts. President W. N. Redfield was toastmaster.

North Carolina Banks Consolidate.

Official announcement has been made that the Commercial National Bank of Greensboro, N. C., will be consolidated with the American Exchange Bank, to become effective about November 1, after which the consolidated institution will be operated as the American Exchange National Bank, with capital of \$100,000. The merger also includes the Bank of South Greensboro, which has been operated as a branch of the American Exchange Bank, and which, it is announced, will be continued as a branch of the American Exchange National. Robert G. Vaughan will be president of the consolidated bank, with Frank C. Boyles, cashier. Mr. Vaughan has been president of the American Exchange and Mr. Boyles cashier of the Commercial National. Directors of both banks will continue to serve on the board until the January meeting, when changes will proba-



bly be made. No other announcement regarding the official staff has been made.

The American Exchange Bank was organized in April, 1907, with E. P. Wharton, president; J. W. Scott, vice-president; R. G. Vaughan, cashier, and F. H. Nicholson, assistant cashier, succeeding to the banking department of the Southern Life and Trust Company. In January, 1911, Mr. Wharton resigned the presidency, R. G. Vaughan being unanimously named as his successor. Mr. Vaughan has been manager of the bank practically since it was first organized by the Southern Life and Trust Company, and through his ability and progressive methods the bank has grown to be recognized as one of the strongest in the State.

In May, 1908, the Commercial National Bank was organized with F. B. Ricks, president; E. J. Stafford, vice-president; F. C. Boyles, cashier. Shortly afterwards, I. F. Peebles was named assistant cashier. By wise management the bank has enjoyed a successful and prosperous career. Owing to the ill health of President Ricks, the active management has devolved upon Cashier Boyles during the past year.

Postal Bank for Panama.

Residents of the Canal Zone, who have long desired to put their savings in the hands of the government for safe keeping, have had their wish granted. President Taft has signed an order establishing a postal savings system on the canal strip, which will go into effect November 8.

The system to be instituted differs materially from that in the States, in that no interest will be paid on the deposits, the object being merely to provide a depository for the funds of the Canal Zone inhabitants.

Memphis, Tenn., Has Organized Clearing House.

The Memphis Clearing-House Association became operative on October 2, 1911, with eleven active and actual members and five institutions, who will observe the rules of the Clearing-House Association through

member-correspondent and connections. The officers of the association consist of E. L. Rice, president; J. D. McDowell, vice-president, and James Nathan, manager. Memberships of the association embrace all the leading banks of the city.

Brooklyn Has New Mortgage Company.

A charter has been granted to the Union First Mortgage Company of Brooklyn, N. Y., to have a capital of \$100,000, and conduct a general mortgage, loan, investment and trust business, and to buy and sell bonds secured by real estate mortgages. The incorporators are: Thomas J. Lewis, George Murray Brooks, Henry G. Lewis, George A. Garden and John T. Easton.

St. Louis Union Trust Company's Election.

At the annual meeting of the stockholders of the St. Louis Union Trust Company the following board of directors were elected: William K. Bixby, James D. Bascom, Robert S. Brookings, Adolphus Busch, Daniel Catlin, John T. Davis, J. D. Filley, S. W. Fordyce, John Fowler, H. C. Haarstick, L. F. Jones, Robert McK. Jones, Edw. Mallinckrodt, Thomas H. McKittick, N. A. McMillan, L. M. Rumsey, John A. Scudder, John F. Shepley, George W. Simmons, F. O. Stannard, William Taussig, Thomas H. West, Edwards Whittaker, C. W. Whitelaw, B. F. Yoakum.

Bank Consolidation at Pensacola.

The Citizens National Bank and People's National Bank of Pensacola, Fla., have been consolidated, the amalgamated bank being "The Citizens and People's National," which is housed in the former home of the People's National. The amalgamated bank commenced business with, capital, \$200,000; surplus and undivided profits, \$64,676; deposits, \$695,614; loans and discounts, \$459,484; cash assets, \$454,600; total resources, \$1,077,400.

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J. Simpson Reese, R. M. Cary and J. W. Dorr, president, vice-president and cashier, respectively, of the People's National, occupy similar positions in the consolidated bank; while L. Hilton Green, president of the Citizens National, is chairman of the board. William Fisher is second vice-president. The existence of the bank began September 7.

Bank Commissioner Becomes Savings Bank Treasurer.

Directors of the People's Savings Bank of Providence, R. I., have elected William P. Goodwin, formerly a bank commissioner for the State of Rhode Island, its treasurer, Mr. Goodwin to assume the duties of his new office as soon as he can be relieved of the responsibilities of his present position. The People's Savings Bank is one of the oldest institutions of its kind in the State, having been organized in 1851, and according to its June, 1911, report has a surplus of \$396,895 and deposits of \$7,069,000. The bank contemplates the erection at an early date of a home for itself, which, when completed, will be modern in all its appointments and facilities.

Virginia Bankers Approve Aldrich Plan.

At a specially called meeting of the executive committee of the Virginia Bankers' Association, held at the Jefferson Hotel for the purpose, endorsement was given the Aldrich currency plan, as modified by the currency commission of the American Bankers' Association.

Chairman Joseph M. Hurt, cashier of the Citizens Bank of Blackstone, presided. Nine of the ten members of the executive committee were present, coming from all sections of Virginia.

Important Bank Merger at Nashville.

Effective October 5, the American National Bank of Nashville, Tenn., has taken over the business and good will of the

Union Bank and Trust Company, the entire capital stock of the Trust Company having been purchased at \$170 per share by those controlling the American National.

The consolidation gives the American National capital and surplus of more than \$1,800,000, deposits of more than \$6,000,000, and total resources of over \$9,000,000.

In announcing the merger the American National says its present officers will be retained in their official capacities and the officers of the Union Bank and Trust Company will also be made officers of the National Bank. The officers who have so ably conducted the affairs of the American National are: W. W. Berry, president; A. H. Robinson, vice-president; N. P. LeSuer, cashier, and Charles H. Wetterau, assistant cashier. The Union Bank and Trust Company's officers have been: Leslie Cheek, president; E. A. Hail, A. H. Robinson and J. H. Howe, vice-presidents; E. R. Burr, cashier. It was organized in 1881 and had capital of \$300,000; surplus, \$150,000, and deposits, \$1,500,000.

New Head for Louisville, Ky., Bank.

Sam P. Jones, who has been president of the Commercial Bank and Trust Company in Louisville since its organization in 1906, has tendered his resignation to the board of directors of that institution and his withdrawal has been accepted with regret. Mr. Jones' action was determined by failing health.

The directors of the institution then decided upon Caldwell Norton unanimously as the new president. Mr. Norton has been first vice-president and trust officer of the bank for some time and with his inauguration as president the institution was accorded full support of the Louisville Clearing House Association. An investigation conducted by Bank Examiner Percy Johnston and other accountants showed the institution at "the convenient corner" to be in healthy shape. The new Commercial president is well qualified to take hold of his new duties with primary success. He is a

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descendant of a long line of financiers, his maternal great-grandfather, James Guthrie, having been Secretary of the Treasury under President Franklin Pierce.

New Bank Opens in Atlanta, Ga.

The Travelers Bank and Trust Company, Atlanta, has opened for business at 56 Peachtree street. Their business has been very gratifying and the career of the bank promises to be very successful. It is managed by well-known business men who have been well trained in the school of practical experience. E. L. Adams is president; W. S. Lounsbury and J. F. Cone, vice-presidents; Grover Magahee, cashier, and M. C. Johnson, assistant cashier. Trustees are: E. L. Adams, W. S. Lounsbury, J. F. Cone, M. C. Johnson, C. D. Montgomery, A. M. Schoen, James H. Andrews, W. T. DuBose, O. K. Jelks and Grover Magahee. A general banking business is transacted, but a special appeal is made for the business of commercial men. A savings department is also maintained, on which interest is paid at the rate of four per cent. annually.

Reward Plucky Bank Clerk.

The First National Bank of Belleville, N. J., has given its clerk, Donald H. Cameron, who overcame an attempted burglar at the bank, \$100 in gold. He has also been presented with a gold watch by the insurance company who held a burglary policy on the bank.

Fletcher-American National Bank of Indianapolis.

W. F. C. Golt, Theodore Stempfel and Gustav H. Mueller have been elected vice-presidents of the Fletcher-American National Bank of Indianapolis. Mr. Golt formerly was cashier of the Columbia National Bank and Mr. Stempfel and Mr. Mueller

have been assistant cashiers at the Fletcher-American Bank since its organization. Mr. Mueller has been connected with Indianapolis banks since 1886. The board created the new vice-presidencies. No appointments were made to fill the cashierships left vacant by the promotions.

Annual Meeting of Guaranty Club.

The Guaranty Club, composed of 200 members of the Guaranty Trust Company of New York, held its annual meeting recently in the main office of the company at 28 Nassau street, New York. Alexander J. Hemphill, president of the Guaranty Trust Company, addressed the meeting on the subject of "Co-operation." Vice-President L. B. Franklin, Vice-President J. M. Pratt and Assistant Secretary Meacham also made short addresses. The savings committee reported deposits in excess of \$10,000, on which a semi-annual dividend of four per cent. was declared.

Officers for the ensuing year were elected as follows: Fred W. Ellsworth, president; E. S. Moore, vice-president; James Steel secretary; J. J. Lewis, treasurer.

The directors of the Guaranty Trust Company have declared the usual quarterly dividend of eight per cent., payable October 2. This is at the rate of thirty-two per cent. annually on the capital of \$5,000,000. The surplus and undivided profits of this company, according to the latest statement, exceed \$21,000,000 and the deposits are over \$163,000,000.

Nashville Chapter.

Nashville Chapter of the American Institute of Banking held its October meeting on the tenth. W. R. Anderson of the Fourth National Bank read a very interesting paper on "The Relation Between Producer and Consumer." Henry C. Power of the Union Trust Company delivered an address on the "Proposed National Reserve Association and a Comparison with the Banking Systems of England, France and Germany." Mr. Power discussed the systems of these countries, drawing his comparison with the "Aldrich plan," showing how these banks were governed and operated. Prominent details of the address were the regulation of discount rates and note issue, the general business of the Banks of England, France and Germany. He argued that the "Aldrich plan" would combine the advantages of these foreign systems; would be free from political control and from domination of the so-called money

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powers, being governed by a representative directorate elected by banks throughout the country which are members of the association, thereby conforming to our democratic system, and being limited in the matter of dividends and having the device of sharing profits above a five per cent. dividend with the government and the surplus fund of the Reserve Association.

A. C. Dorris of the First National Bank outlined the proceedings of the convention of the Institute at Rochester.

John J. Hellin of the First Savings Bank and Trust Company, submitted new "Articles of Association" for adoption at the November meeting.

This meeting was unique, in that it was the first programme under the new plan of division of membership. The entire membership is divided into nine committees on programme, each committee having its chairman and being responsible to the chapter for the programme of one monthly meeting through the year. Mr. Bradley Currey of the First National Bank reported great progress in the work of the educational committee, of which he is chairman. Success is attending the efforts of this committee in the enlisting of officers of banks as students in the Commercial and Banking Law and the Banking and Finance classes. A progressive, serious spirit is much evidenced in this work.

Lawrence Ayers, chairman of the committee on debates, has in progress arrangements for the annual debate with Chattanooga Chapter.

The Alpha of Safe Deposit Literature.

Announcement is made of the publication on or about November first of the first book to treat exclusively of safe deposit matters, "In the Cave of Aladdin," by John P. Carter. The comprehensive and interesting table of contents indicates a book that should be in every financial institution, as well as in every home and library. It is not surprising that wide public response is rewarding the enterprise of the publisher, James J. Jenkins, 313 Madison avenue.

Bank Examiner Enters Trust Company.

To accept a position in the bond department of the Detroit Trust Company, Detroit, Mich., Charles E. Toms, for five years a State bank examiner, has resigned. In

point of service, Mr. Toms was the oldest man in the department.

Central Savings Bank and Trust Company of Denver.

The Central Savings Bank and Trust Company of Denver, Col., has opened up for business in its handsome and specially designed new quarters in the Central Savings Bank Building. More than 20,000 people availed themselves of the invitation to inspect the bank's new quarters and many comments were heard as to the modernness of the bank's new equipment, convenience of arrangement and beauty of interior decoration.

Many unique features, which are expected to contribute to the public's convenience, have been incorporated in the trust company's new establishment. Particularly is this true of the accommodations provided for patrons of the safety deposit vaults, which have been installed in the basement of the building immediately under the banking room proper.

Little Rock Has New Trust Company.

A State charter has been granted to the German-American Savings Bank and Trust Company of Little Rock, Ark., to have a capital of \$250,000 and conduct a general banking and trust business. J. D. Goldman, president of the Lesser-Goldman Cotton Company of St. Louis, Mo., is president of the new company; Ed. Cornish, president of the American Bank of Little Rock, is vice-president, and C. T. Duke is secretary. The executive as well as the board of directors is largely made up of business men who are closely identified with the American Bank.

Clearing-House Examiner for Seattle?

The Seattle Clearing-House Association will in the near future give full consideration to the question of employing a clearing-house examiner for Seattle banks. The question was brought up at the annual meeting some weeks ago, but consideration was deferred until a more suitable time, when a full session could be given to the subject and all have opportunity to express their opinions, and it is expected that a meeting will be called shortly. So far as is known, there has been little opposition expressed to

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Mr. W. B. Peat, who thus becomes a member of the firm, has had the honor of serving as president of the Institute of Chartered Accountants in England and Wales for two terms.

Through the association thus formed we can afford, to those of our clients having international interests, additional facilities for auditing their foreign accounts and for making investigations when it is desired to place securities in Europe.

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Mr. Gano Dunn has just returned from abroad, where, as a representative of the United States Government and as president of the American Institute of Electrical Engineers, he has been attending the International Electrical Congress at Turin and the meeting of the International Electro-Technical Commission, the body that has been organized to bring about international uniformity of standards and practice in the electrical industry.

Mr. Dunn, who for many years was first vice-president and chief engineer of the Crocker-Wheeler Company, and is a past president of the New York Electrical Society, has been elected a director and a vice-president of J. G. White & Co., Inc.

Indianapolis Bank Consolidation.

James M. McIntosh, president of the Union National of Indianapolis, has been elected president of the new National City Bank, which results from the consolidation of the Union and the Columbia National Banks. Frank M. Millikan, president of the Columbia National was elected vice-president of the consolidated bank. The election took place at a meeting at the offices of the Security Trust Company. The directors of both banks which are interested in the con-

solidation will serve as directors of the National City Bank.

The National City Bank will occupy the quarters now occupied by the Columbia National at 14-16 East Washington st. It is expected that the consolidated bank will be opened for business in about sixty days.

Banking by Aeroplane.

Earl L. Ovington has made probably the first bank deposit by aeroplane in the United States. His flight was in a Curtiss biplane from the Aero Club of New York to the Nassau County Trust Company at



EARL L. OVINGTON

Mineola, L. I. Speeding along in the clouds for a spurt over the Garden City Estates and the County Court House, Ovington lowered his biplane and came close to the Nassau County Trust Company and dropped an envelope (addressed Via Aeroplane Post, Earl L. Ovington, Curtiss Biplane) containing five silver dollars, to one of the officers of the Trust Company, who was waiting for the deposit.

American Bankers' Association Convention Program.

Practically all of the sessions of the forthcoming convention of the American Bankers' Association at New Orleans, commencing November 20, not reserved for committee reports and regular business, will be devoted to addresses and discussions on

the proposed National Reserve Association. The subject of national currency and banking reform will be considered from every viewpoint by the foremost authorities, as indicated by the following topics assigned to individual speakers:

The Proposed Monetary Plan.
Trade Depression and Panics.
Trade Expansion and Crop Movements.
The Organization and Control of the National Reserve Association.

The Relation of the National Reserve Association to the Government.

Relation of the State Banks, Savings Banks and Trust Companies to the National Reserve Association.

Circulating Credits.

Rediscounts and Book Credits.

Bank Acceptances and the Creation of a Discount Market.

The Mobilization and Control of the Reserves of the Country.

Interest Rates, Earnings, Dividends and Taxations.

Keeping the National Reserve Association Apart from Partisan Politics and Special Control.

The Needs of the Farm and Its Benefits from the National Reserve Association.

Benefits from the National Reserve Association to the Manufacturer and Laborer.

Benefits of the National Reserve Association to the Country as a Whole.

Relation of the National Reserve Association to Foreign Trade and Banks and the World's Financial Centre.

It is proposed to secure the unanimous endorsement of the Association in support of the revised plan for the establishment of the National Reserve Association and to inaugurate a systematic campaign of education throughout the country.

SAVINGS BANK SECTION.

Thursday, November 23, 1911.

Invocation.
Greetings.
President's Address.
Report of Executive Committee.
Report of Secretary.
Report of Law Committee.
Report of Membership Committee.
Report of Committee on Methods and Systems.

Address:—"The Ethics of the Savings Bank."

William E. Knox, Comptroller, Bowery Savings Bank, New York.

Address:—"Banks and Bankers; their ways and by-ways as they appear to Jack Lafaience."

Mr. J. J. McLoughlin, Attorney, New Orleans, La.

Address:—(Topic to be announced.)

Mr. J. F. Sartori, President, Security Savings Bank, Los Angeles, Cal.

Address:—"The Public and the Savings Bank Idea."

Mr. E. St. Elmo Lewis, Advertising Manager, Burroughs Adding Machine Company, Detroit, Mich.

Address:—"Efficiency of Supervision."

Hon. Arthur B. Chapin, Bank Commissioner for Massachusetts.

Symposium:—"The Internal Audit of a Savings Bank."

Conducted by Mr. Chapin.

Business Session—12.30.

Report of Nominating Committee.

Elections:—President, First Vice-President, Chairman of Executive Committee, three members of Executive Committee to serve three years, State Vice-Presidents.

Installation of Officers.

Adjournment at 1 O'Clock.

Meeting of the Executive Committee Immediately after Adjournment.

TRUST COMPANY SECTION.

Thursday, November 23, 1911.

Meeting to be Called to Order by the President of the Section, Oliver C. Fuller, president Wisconsin Trust Company, of Milwaukee, at 10 a. m.

Prayer.

Address of Welcome on behalf of Louisiana and the city of New Orleans, by Hon. Jared Y. Sanders, Governor of Louisiana.

Address of Welcome on behalf of the trust companies of Louisiana, by Mr. Lynn H. Dinkins, president Interstate Banking & Trust Company.

Reply to Addresses of Welcome and Annual Address of the president, by Mr. Oliver C. Fuller.

Report of the Executive Committee, by Mr. F. H. Fries, president Wachovia Bank & Trust Company, Winston-Salem, N. C., chairman.

Report of the Secretary, by Mr. Philip S. Babcock.

Report of the Committee on Protective Laws, by Mr. Lyman H. Dinkins, chairman.

Address—"The Relation of the Trust Company to the Lawyer." Mr. Marquis Eaton, Chicago, Ill.

Address—"Registration of Commercial Paper." Mr. Fred I. Kent, vice-president Bankers Trust Company, New York City.

Address, by Mr. A. A. Jackson, vice-president Girard Trust Company, Philadelphia, Pa.

Report of Committee on Legislation, by Mr. Oliver C. Fuller, chairman.

General discussion of such topics as may be proposed, and may have the approval of the presiding officer.

Roll-Call of States, to be answered by the vice-presidents of the Section in brief written reports.

Election and Installation of Officers.

Unfinished Business.

Detroit Bank to Increase Capital.

The Old Detroit National Bank of Detroit, Mich., proposes to raise its capital from \$2,000,000 to \$3,000,000. Its plans with regard thereto will be submitted to the stockholders for ratification on November 7. The present shareholders are asked to waive their rights to \$500,000 of the additional stock, the intention being to dispose of this portion to new interests. The other \$500,000 will be offered pro rata to the existing stockholders. The price at which the entire issue of stock will be sold is \$150 per share, thus enabling the bank to add \$500,000 to its surplus. Early in the year the Old National took over the business of the American Exchange National Bank.

in December, 1909, has met with good success and has built up its deposits to \$1,750,000 by a liberal though conservative policy toward its patrons.

New Vice-President for Pasadena Bank.

Charles N. Post, a prominent Pasadena, Cal., business man, has been elected to the vice-presidency of the Pasadena National Bank to succeed the late Isaac Bailey, former Chicago millionaire manufacturer, who died several weeks ago while on a visit to Albany, N. Y.

George J. Brenner, also prominent in business circles, was made a director in the bank, filling the vacancy caused by the promotion of Mr. Post.

Mutual National of Boston to Move.

The Mutual National Bank of Boston has made arrangements to move to the quarters now occupied by the State Street Trust Co. at 38 State St., as soon as the latter company moves to the new building now being remodeled for its use. The quarters in the Union Building have been occupied for banking purposes many years and they are at the heart of Boston's financial center. The Mutual National, since its organization

New Member of St. Louis Clearing-House.

The American Trust Company has become a member of the St. Louis Clearing-House Association. The company was formerly an associate member, clearing through the National Bank of Commerce.

The American Trust Company was incorporated in November, 1909, at which time the deposits were a little more than \$1,000,-

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000, with resources of \$2,300,000. The deposits now are \$3,000,000, with resources of more than \$4,000,000.

The officers of the company are: J. C. Van Riper, president; R. L. Rinaman, vice-president; James M. Rohan, James M. Francescas, S. Nicholls and Nicholas Wall, vice-presidents; Frank Gottlieb, treasurer; Walker M. Van Riper, secretary; H. H. Hopkins, assistant treasurer; James J. Connell, assistant secretary, and W. W. Newberry, manager bond department.

Washington Chapter, A. I. B.

The Washington Chapter of the American Institute of Banking held its first meeting of the season of 1911-12 at the chapter rooms on F street, Oct 12, and received reports from the delegates that attended the Rochester convention. Carroll Pierce, vice-president of the Citizens' National Bank of Alexandria, Va., who was elected chairman of the Executive Council at Rochester, was principal speaker of the evening.

Others of the delegation who gave talks at the meeting were Joshua A. Evans, Jr., E. E. Herrell, F. V. Grayson, Edmund S. Wolfe, A. B. Claxton, Jr., and A. M. Nevius.

Lincoln National Bank of Rochester, N. Y.

Charles H. Babcock, first vice-president of the Lincoln National Bank of Rochester, N. Y., and acting president since the death of Walter Duffy, has been elected president of that institution. William C. Barry has been elected first vice-president to succeed Mr. Babcock.

New Assistant Cashier First National, Pittsburgh.

Directors of the First National Bank of Pittsburgh have elected R. C. Masten an additional assistant cashier. Mr. Masten has been connected with the bank eleven years, and for some time has been in charge of the loan department. The promotion is a recognition of faithful and valuable service.

George M. Reynolds Thirty Years in Banking.

The week of October 7 marked the thirtieth anniversary of the entrance into the banking field of George M. Reynolds, president of the Continental and Commercial National Bank of Chicago. Mr. Reynolds' banking career dates from October 2, 1881, when he entered the service of what is now the Guthrie County National Bank of Pannora, Iowa, which is owned by the Reynolds family, and in which he is a director. Mr. Reynolds became president of the Continental National of Chicago in 1906, having previously served as both its vice-president and cashier. With the creation last year of the

Continental and Commercial National Bank, as a result of the consolidation of the Continental National and Commercial National Banks, Mr. Reynolds was elected to the presidency of the enlarged bank.

Fourth Street National Bank of Philadelphia Twenty-Five Years Old.

The twenty-fifth anniversary of the Fourth Street National Bank of Philadelphia occurred on October 4. During the quarter of a century it has been in operation the bank has had but three presidents, namely, Sidney F. Tyler, now chairman of the board; the late Richard H. Rushton and E. F. Shanbacher, who succeeded Mr. Rushton in the presidency in January, 1910. Since it began operations the institution has raised its capital from \$1,500,000 to \$3,000,000, and has created surplus and net profits (September 1) of \$6,498,154. Its deposits are close to fifty million dollars—\$49,708,408 being the amount reported under the call of September 1, when the resources aggregated \$62,117,562. The officials associated with Messrs. Tyler and Shanbacher are James Hay, B. M. Faires and F. G. Rogers, vice-presidents; R. J. Clark, cashier; W. A. Bulkley and W. K. Hardt, assistant cashiers.

Cashier for Grand Rapids, Mich., Bank.

Clyde L. Ross has been chosen cashier of the Commercial Savings Bank of Grand Rapids. Since the consolidation of the Fifth National Bank with the Commercial in 1906, the cashiership of the consolidated institution has remained unfilled until the present time—the cashiers of the uniting banks having both been made assistant cashiers of the enlarged Commercial Savings Bank. Mr. Ross was the cashier of the Fifth National, while H. N. Morrill had been cashier of the Commercial before the merger. Mr. Morrill recently resigned his post as assistant cashier of the Commercial to become secretary of the Board of Education. With Mr. Ross' advancement, Denton Pratt has been chosen assistant cashier. Tyler E. Wheeler has been made auditor of the bank.

Philadelphia Clearing House Admits Trust Companies.

Favorable action was taken by the Philadelphia Clearing House October 23, on the proposal to admit to full membership the trust companies having capital and surplus of \$500,000 and more.

The members of the association refused to discuss the situation beyond saying that before the trust companies could be admitted it would be necessary for the banks to vote on the plan. It is generally assumed that the banks' boards of directors will concur in the action of the clearing-

house members. This will be done at either regular or special meetings.

Most of the trust companies have desired to enter the Clearing House, especially since the New York Clearing House recently admitted to membership such institutions. The subject has been agitated for years. It is reckoned that between thirty and thirty-five of the Philadelphia trust companies will be eligible to full membership under the plan proposed by the committee which has had the subject in hand. It is said the membership fee will be \$10,000 and the yearly dues \$750.

The stock is offered at \$175 per share to the present shareholders, in the proportion of one new share for every nine held. The purchase price is made payable in monthly installments of ten per cent. each, the first due November 20, 1911, and the subsequent installments being arranged as follows: December 20, January 22, February 22, March 25, April 25, May 27, June 27, July 29 and August 29, 1912.

Banque Internationale du Canada.

The Banque Internationale du Canada, a new organization, began business simultaneously in Montreal and Paris on October 17. The institution was incorporated under a bill passed by Parliament some months ago. It has a capital of \$10,000,000, and a considerable portion of the stock, it is understood, is held by French interests. Rodolphe Forget, M. P., is president of the bank and Robert Bickerdike is vice-president. In addition to Messrs. Forget and Bickerdike, the directorate includes: Stanislaus Badel of Badel, Freres et Cie, bankers, Paris; S. V. Chomereau-Lamotte, Paris, Honorary Governor of the Banque de France; Sir George

CANADIAN NOTES

Bank of Montreal.

The manner of payment for the new stock of the Bank of Montreal was announced October 14, following a meeting of the directors on the previous day, when the details of the issuance of the additional stock were arranged. The capital of the institution, as has been noted in these columns, is to be increased from \$14,400,000 to \$16,000,000, and the new stock was authorized by the stockholders on September 5.

Safe Deposit Advertising

is the title of a new chapter in the Revised and Enlarged Fourth Edition of "PUSHING YOUR BUSINESS," the standard text-book of financial advertising by T. D. MacGregor, which has just been issued from the press.

The new edition of

"Pushing Your Business"

contains 197 pages and 75 illustrations. It is a practical working guide for all advertisers. The titles of the eleven chapters are as follows: "The Technical Foundation," "Advertising Mediums," "Booklets and House Organs," "Advertising a Commercial Bank," "Savings Bank Advertising," "Trust Company Advertising," "Safe Deposit Advertising," "Investment Advertising," "Real Estate Advertising," "Insurance Advertising," and "Effective Business Letters."

Cloth bound, Price \$1.25, postage prepaid

THE BANKERS PUBLISHING COMPANY

253 Broadway

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New York City

Gagneau, Quebec; J. N. Greenshields, Montreal; Georges Martin, Paris, president of the Committee of Control of the Comptoir National d'Escompte de Paris; Raoul Sautter, Paris, of Odier, Sautter & Co., bankers; Hon. L. O. Taillon, Montreal, ex-Prime Minister of the Province of Quebec. Godfrey Bird is general manager of the bank.

Sterling Bank.

It is announced that B. S. Walker has been appointed manager of the Montreal branch of the Sterling Bank, head office Toronto.

Stock of Bank of Vancouver Sold.

According to the Toronto "Globe," \$250,000 of the stock of the Bank of Vancouver, British Columbia, has been purchased by French interests, who are reported to have an option on a further block of the bank's stock. The authorized capital of the institution is \$2,000,000.

Canadian Bank Absorption.

The Royal Bank of Canada, whose parent is in Montreal, but who have branch banks throughout the Dominion and the West Indies, has absorbed the Colonial Bank of London, who also have branches in both the Dominion, the United States, and in England. Tentative plans have been formulated for future action, but are not yet ready for publication. Both concerns are considered strong and reliable, but the absorption will tend to greatly add to the invulnerable strength of the Royal Bank.

Merchants Bank of Canada.

The Merchants Bank of Canada has recently opened branches at Chauvin and Pincher Station in Alberta and at Hartney, Manitoba. This makes 161 branches now operated by this progressive institution, extending from the Atlantic to the Pacific. The Merchants Bank has a paid-up capital of \$6,000,000, a reserve fund of \$4,999,297, and total assets of \$71,600,068.

WITH BANKERS MAGAZINE ADVERTISERS

CUSTOMERS' MONTHLY STATEMENTS WRITTEN AND TOTALED ON ONE MACHINE

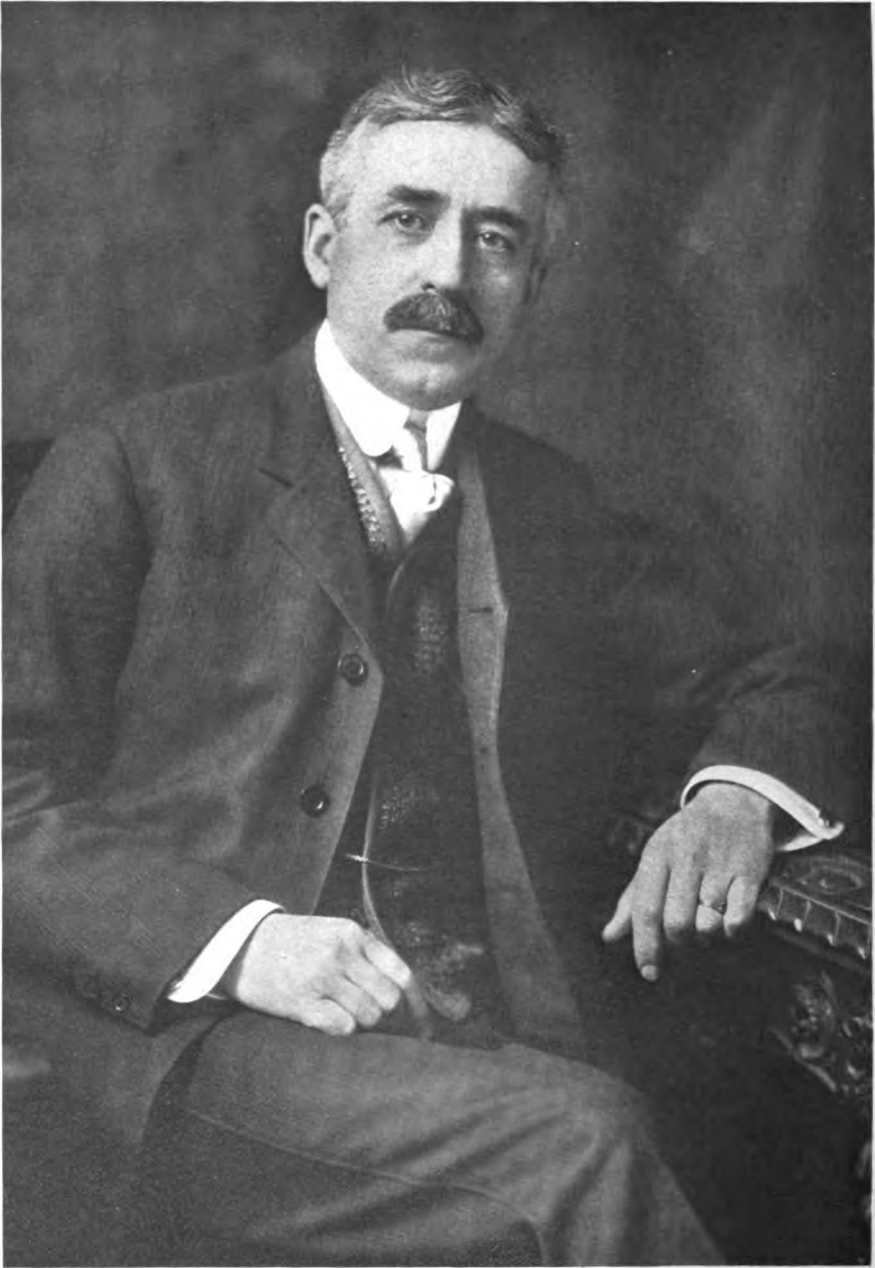
IT is generally granted that it is only a question of time when the use of a pass book in banks will be discontinued, save as a receipt book for deposits.

In place of the old cumbersome method of turning in the pass book at irregular intervals, to be balanced and returned to the customer with his cancelled checks, many up-to-date banks are instituting the monthly statement system, by which the checks are entered daily in the statement, together with the deposits, and the sheet kept in balance from day to day. When this system is used, an accumulation of old checks in the bank is avoided, the statement is always ready for a customer when he may call for it, and he is provided with a permanent record of every transaction in his account. This also, of course, enables the customer to retain possession of his pass book, as it never has to be left to be balanced. One very great advantage to interest-paying bankers is that this statement provides not only a daily check on the customer's account, but also gives the daily balance by the natural operation of mechanically adding in all deposits as written, and subtracting out, mechanically, all the checks as entered, so that the interest may be figured more readily.

The form of customers' monthly statements used by different banks is, of course, varied, since some banks desire to show on these statements much more detail than others. In the writing of all of the various forms, however, the Remington Adding and Subtracting Typewriter (Wahl Adding Mechanism) has proved its worth and has scored a success second only to its success in the writing of remittance letters.

When this machine is used for the work in question the statements are not only neater and plainer than when written with the pen, but the work is done with a decided saving of time and labor. The statements are, also, more accurate, since all of the additions and subtractions are made mechanically on the typewriter, thus avoiding the errors consequent to mental calculation.

It has been said that the Remington Adding and Subtracting Typewriter supplies brain work at machine cost; this is true, but it is also true that it supplies brain work with machine accuracy—and accuracy in adding machine work of this character is the one thing that makes the daily "proving up" easy.



HENRY HORNBLOWER
PRESIDENT OF THE BOSTON STOCK EXCHANGE; MEMBER OF THE FIRM OF
HORNBLOWER & WEEKS, BOSTON

(For sketch, see page 737)

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR

DECEMBER, 1911

VOLUME LXXXIII, NO. 6

PROPOSED DISSOLUTION OF THE STEEL CORPORATION

ONE of the most important events recently in the financial world was undoubtedly the suit brought by the Government to dissolve the United States Steel Corporation on the ground that it was an illegal combination in restraint of trade under the Sherman Anti-Trust Law.

The facts in relation to the suit and to the Steel Corporation are so familiar that they need not be repeated here. It is sufficient to say that there is a general impression that the United States Steel Corporation has aimed to comply with the spirit and letter of the law; that it has not used its great power to put up prices, even when conditions would have justified an advance. That the Steel Corporation has done a great deal to benefit its employees is a matter well known.

The ground, then, on which the dissolution suit is brought by the Government would seem to be that the United States Steel Corporation is a large combination of corporations, possessing great capital and enormous power, which renders it objectionable, not perhaps so much from what it has done actually but on account of what it may do possibly.

The country is going through a period of great trial to large business concerns, many of which are unable to tell whether they are illegal or not. Probably at no distant day, either by judicial construction of a statute that many regard as antiquated, or by an amendment of the law to meet changed conditions, the present uncertainty will be removed.

GOVERNMENTAL ATTITUDE TOWARD BUSINESS

AMONG the many pleas for a reasonable governmental attitude toward business we have seen nothing more practical or promising than the following, from a recent address of Mr. CHARLES A. CONANT, a well-known banking and economic authority:

"The relations between the Government and big business have drifted into

a difficult position. Where there should be mutual trust and coöperation, with a view to the promotion of national prosperity, there has developed distrust, recrimination, and something like an armed truce where there is not open war. In my opinion, the time has come to approach the problem from a new direction and to seek its solution in ac-

cordance with the common interests of both the corporations and the Government. Corporate interests in this country represent, according to official figures, not less than \$83,000,000,000 of stock and bonded and other debt out of a total valuation of all the national property of \$110,000,000,000. Even if allowance is made for certain duplications, the wealth of the country which is in corporate form is not less than half of its total wealth.

"The point from which the problem of suitable regulation of the corporations should be approached, in my opinion, is by a free conference between the best representatives of both, with the object of finding a working system by which big business shall not be harassed when it is rendering economic service, but shall be required to conform to the rules which experience in other countries has shown are necessary to protect shareholders and the public.

"I believe that the President of the United States should be asked to recommend to Congress the appointment of a joint commission of from fifteen to twenty men of the highest type, chosen from among officials of the Government, men who have had experience with big business, and men of economic training. Such a body should be authorized to investigate the whole problem of the relation of the Government to corporations, with a view to perfecting a plan under which Government supervision will be minute and complete, but the Government will frankly acknowledge the right of the corporation to live and do business.

"Such a commission should contain on behalf of the Government men like the Attorney-General of the United States; on behalf of business, men like Mr. CARNEGIE and Judge GARY, and several professional economists, who from their knowledge of economic laws are able to interpret correctly the effects and results of proposed policies.

There should be added or included members from both Houses of Congress, in order that the conclusions of the commission shall find active supporters on the floor of the Senate and House. The men selected from Congress, however, should be men ready to take a broad view of their duties rather than a purely local or personal view. In such a discussion there is no place for demagoguery, and I am sure we are all satisfied that it has no place in the mind of the President of the United States.

"A commission already exists, containing several men of high ability, who are investigating the subject of the issue of railway securities. If the scope of this commission could be broadened and its members added to the general commission which I propose, its work would not be lost.

"It would be presumptuous to outline in advance the policy of such a body. It should approach the problem of the relations between the Government and big business from the standpoint of a purpose to build up rather than to pull down. It is not probable that direct regulation of prices would be attainable, but indirect regulation by a graded tax on profits might be worthy of consideration. It is probably necessary for the American business community to make up its mind to a greater degree of Government supervision than prevailed before the organization of the great combinations. It may be the price they will have to pay for the privilege of doing business without restrictions and with the partial elimination of competition, over an area greater than that of any other developed commercial country. But the entire problem can be approached from the standpoint of benefiting and protecting the owners of the combinations and their employees as well as the public, to much greater advantage than by threatening to send men to jail if they

do not comply with laws which could be interpreted even by the Supreme Court only after remanding the cases under them for rehearing.

"An illustration of the right method of approaching the problem is the English Companies Act. The English act and the continental laws should be carefully studied, not only in their text, but in the manner of their operation.

"If the President of the United States should announce to-morrow that he would recommend to Congress the creation of a commission of fifteen or twenty representative men to take up the whole question of the rights and duties of the corporations towards the people and the Government, and that, pending action by Congress on the subject, prosecutions should cease, detectives be called off, and the millions of dollars spent in pursuing the corporations should be devoted to some constructive purpose, what a magical stimulus it would give to the wheels of industry—what a magical restoration of confidence in American enterprises at home and abroad!

"It is said that we must follow the law, though the heavens fall; but is the law intended to be an end in itself or the handmaid of justice? There is no country where respect for the law is greater than in England; yet four times, in order to avert a financial crash—the last time in 1890—the Bank of England has been offered by the Government the privilege of breaking the law in regard to the issue of notes.

"Surely, if it has required in this country twenty-one years to reach a determination what the law is, it will not commit the Government to lawlessness to pause and seek a truce in the war with big business. Let there be a suspension of hostilities—not that the law be broken, but that it be made to conform to the rule of reason. A power higher than any temporal ruler has declared that we should be ministers, 'not

of the letter, but of the spirit: for the letter killeth, the spirit giveth life.'"

Undoubtedly the present unrest and uncertainty in business circles would be greatly relieved by the appointment of the commission suggested by Mr. CONANT. A permanent reign of prosperity can be more confidently expected when the relations of industry, labor and the State are firmly established on the basis of mutual justice. To arrive at this basis will require time and a patient, intelligent investigation of all the problems involved.

CONCENTRATION OF BANKING POWER

COMMENTING on the concentration that has been going on among the banks of the country for some years, a recent issue of the "Monthly Bulletin" of the Fidelity and Casualty Company of New York City says:

"The consolidation of industrial concerns into powerful groups that has been so marked a feature in the evolution of general business in the last decade has had its counterpart in the banking world. Of the 27,000 banks and trust companies in the country, 176 have deposits of over \$10,000,000 each; and these 176 leading institutions have in the aggregate half as much deposits as the remaining 26,824 have altogether. Moreover, the first twenty-five institutions of the 176 have as much deposits as the remaining 151 put together. New York has sixty of the 176 banks, Chicago seventeen, Boston fourteen, Philadelphia twelve, Pittsburgh nine, and so on down to a number of small cities that have one each.

"This extraordinary concentration of banking power has come about for the most part during the last ten years. In December, 1900, there were only

about seventeen banks that had deposits of \$10,000,000 or more."

Although there has been undoubtedly considerable concentration in banking power, as above indicated, it would be easily possible to draw false conclusions from these figures. It must not be forgotten that a very large share of the deposits held by the banks in the great financial centers really belong to the other banks, in other words, they are bank deposits. This fact tends to give to the great centers a financial importance that they would not otherwise have.

Undoubtedly the figures quoted do tend to show that there is going on a concentration of deposits in single institutions. This is due in part to the creation of huge business enterprises demanding bank facilities of a very extensive character and it is also in part due of course to the natural growth of banking and business generally.

As we have repeatedly declared, this concentration is not in our judgment fraught with any danger. We still have a great many more banks than any other country in the world and there does not seem to be any possibility either immediate or remote that banking concentration will be carried to an extent likely to prove harmful to the business interests of the country. The only fear from such concentration would be that apprehended from banking monopoly, and anything of that kind is certainly far distant. On the other hand, the creation of large banks and the movement towards banking concentration generally will manifestly tend to make the banks stronger.

Though we believe most profoundly in the small independent bank as being, upon the whole, the most serviceable to the business community, it does not follow that the big bank need be indifferent to the requirements of small tradesmen. Indeed, the Bank of France—one of the great banks of

the world—caters especially to these requirements. Our big banks do not pay so much attention to the little fellows, and probably for the sufficient reason that there are so many small banks better adapted to care for them.

While this is true, however, any tendency that removes the banks from close touch with even the humblest of the business world is not to be looked upon with great favor.

Taking the banks of the United States as a whole, they are probably more democratic and in closer personal touch with all the people than the banks of any other country.

CASH BY LEGISLATION

THE "True Word," published at Bryn Mawr, Washington, in a recent issue pays considerable attention to banking matters.

It discerns that the cause of bank failures is want of cash. This lack of funds the "True Word" proposes to remedy by legislation. It says:

"Students and thinkers, listen to what I say now: This world peace is ours when we have so legislated that we can meet all our obligations with cash. The only cause ever found for a bank failure was simply—failed for the want of funds—cash."

The proposal to provide cash by legislation instead of procuring it as heretofore by industry and business enterprise will, we are sure, appeal to all of us who are desirous of providing for our wants by some less laborious means than those now in vogue. Providing cash by legislation instead of by labor will undoubtedly prove a very popular programme. Whether the cash so obtained will be as efficacious in supplying human wants as now, we do not know. Doubtless the promoters of this

form of financial magic have their own solution of this question.

That there is some magical power in legislation to create cash is an old belief. A good example was furnished by a resolution which THADDEUS STEVENS introduced into the House of Representatives in 1864. The great Pennsylvania political leader and statesman was no doubt worried by the continued depreciation of the greenbacks as compared with coin, and to check this depreciation, he proposed the following:

"That a dollar note issued by the Government, declared money and legal tender, is declared of equal value for all purposes as gold and silver coin of like denomination.

"That a contract made payable in coin may be payable in legal-tender United States notes, and that no difference in sale or value shall be allowed between them.

"That no person shall by any device, shift or contrivance receive or pay or contract to receive or pay any Treasury or other note issued by the United States for circulation as money, and declared legal tender, for less than their lawfully expressed value, and any offender, upon conviction, shall suffer imprisonment not exceeding six months and a fine equal to the full amount of the sum specified in said note."

The notion that banks fail simply for the want of funds is a common one but not altogether correct. A German bank authority recently declared that he had never known a bank to fail for want of cash. If he had gone through the 1893 panic in the United States, however, he might have been of a different opinion. The immediate failure of a bank may, indeed, be due to lack of cash, but anterior to this there is always bad management which results in loading up the bank with assets of an improper character.

Bank failures are, therefore, really caused not so much by lack of cash as by having on hand unrealizable securities, and this, as stated, is due to bad management.

It has not infrequently happened that banks have closed their doors with large amounts of cash on hand, more in fact than they ordinarily carried, but they were obliged to suspend for the reason that their securities were not good.

A great deal of the agitation for bank reform in this country has proceeded on the same mistaken theory, namely, that the supply of cash was insufficient to meet the banks' needs. If the banks of the country, particularly those in reserve cities, were more prudent in their operations and took greater care in maintaining a proper proportion between their capital and the credits they extend, thus always keeping themselves in a condition to meet demands, it would be found that the banking business of the country could be conducted at all times with a great deal less cash than we now have.

CO-OPERATIVE BANKING

AN effort is to be made in the State of Washington to organize a co-operative bank on a somewhat novel plan. One of the features of the new institution consists in the fact that all money deposited in the bank will not be loaned but will always remain on hand subject to the check of the depositor. It is assumed that the weak point in the present banking system is the permission to withdraw such deposits on demand. This is just a little different from the story told of a new bank depositor in a certain institution who was surprised to find that the bank did not constantly keep on hand all the money

he had placed there. He had neglected to consider how a bank pursuing this policy would be able to pay its expenses, let alone make any profits for its shareholders. The Washington bank will not only incorporate the principle referred to in its organization, but it intends to share any profits with its depositors.

The idea of dividing bank profits among depositors as well as shareholders is not a new one, but for some reason, which we do not know, previous attempts in this direction have not been successful, as least in the United States. Perhaps the attempt to distribute the profits of a bank among depositors introduces an element of weakness into the management that tends to defeat the success of a bank modeled on this plan. As is well known, the mutual savings banks of the East are, however, operated on a principle somewhat analogous to this. In fact, all of the net profits really go to the depositors either in the shape of dividends or are credited to a surplus fund which really belongs to the depositors. There is, of course, an important distinction between a pure savings institution and a commercial bank. The latter makes loans on the credit of its depositors, while a true savings institution merely receives the money of its depositors and invests the same in standard securities.

Some of the literature sent out by those interested in the proposed coöperative bank is misleading, as the following quotation will show:

"Heretofore depositors of cash in any bank have been and still are ignorant of the system of banking, and to keep depositors and the people ignorant of what the banking laws are, bank stock has been always sold in such large denominations, such as one thousand dollars a share, which the ordinary individual was unable to purchase—even one share."

This statement is not correct. We do not know of any bank shares in this country that have been issued in a denomination as large as one thousand dollars. Practically all the shares are of the par value of one hundred dollars and in some cases they are fifty dollars.

Coöperative banks do exist in many European countries and also in Canada, but it will be found on careful investigation that they are modeled largely on the building and loan plan of organization. Whether the principle of co-operation can be successfully applied to commercial banks yet remains to be demonstrated, and the Washington experiment will be watched with considerable interest.

BANK CLERKS AND THEIR EMPLOYERS

QUITE a sensation in local banking circles was caused a short time ago by some remarks by United States District Attorney HENRY A. WISE of New York, who conducted the Government case against MORSE. It seems, according to the newspaper reports of Mr. WISE's address, that he had charged that there was an understanding among bankers that no employee giving evidence against bank officers shall thereafter obtain employment in any bank.

An understanding of this sort, if it really existed, would practically league the banks together in a crime trust, of which the clerks must become members, and in the language of thieves, refuse to peach on their pals.

But Mr. WISE was quick to disclaim any such implication. On the contrary, he said that the sole purpose of his remarks was to point out to men employed in banks that by allowing themselves to be used by unscrupulous bankers they were liable to deprive themselves of their own positions; and as a

striking illustration of this truth he called attention to the fact that in the case of the witnesses in the MORSE prosecution this had been so.

What should a bank clerk do when he finds that his superior is virtually robbing the bank? Can such a question be asked by any honest bank clerk? Confronted by a situation of this kind, there is no alternative—the clerk must do his duty and make known the facts to those who will see that the wrong is speedily corrected.

Bank clerks are not really in the employ of the officers of the bank. They are working for the stockholders. And the officers—although prone to forget it—are employees of the stockholders also.

Mr. WISE promptly disclaimed any intention of reflecting on the integrity of the bank clerks, whom he justly regarded as showing a high average of honesty and faithfulness.

of Representatives, at the Trans-Mississippi Commercial Congress at Kansas City last month. He digressed from his speech long enough to say that he did not approve of Mr. ALDRICH's plan. But in the absence of a more specific statement, it can not be known whether Mr. CLARK's objections are to the plan as a whole or only to certain features of it.

As a result of the discussion called forth by Mr. ALDRICH's proposals there seems to be a substantial agreement that at least two improvements are desirable in our banking system, namely, the better utilization of bank reserves through some form of coöperation among the banks, and the prevention of the suspension of cash payments. To have secured agreement on anything relating to banking and currency legislation is in itself no small success.

LIABILITY OF BANK DIRECTORS

A SIGNIFICANT DECLARATION

NO definite information is at hand as to what attitude the Democrats are likely to take toward the National Reserve Association plan when it comes before Congress this winter. Judging from the traditions of the party, one would naturally expect it to oppose any measure looking to the establishment of what is practically a central bank.

The Democratic attitude towards the Reserve Association is important, for the reason that the Democrats control the present House of Representatives. While nothing that may be regarded as authoritatively representing the party attitude on this question has been made public so far, a very significant indication as to what may be expected was contained in an address delivered by Mr. CLARK, the Speaker of the House

RECENTLY the Appellate Division of the Supreme Court of the State of New York rendered a decision which indicates that directors of financial institutions are not to be held to the strict accountability which has heretofore supposed to attach to their positions. The points of the decision referred to are as follows:

"The directors generally not on the executive committee are not supposed to have knowledge of the details of the business management of the corporation which are not submitted to them. In other words, it is not their custom to actively search the individual transactions in a bank that they may learn the responsibility of its debtors or the nature or value of the collateral. This they entrust, first, to the executive officers of the bank, who are carefully

chosen and paid for their services; secondly, to the supervision of the executive committee of their body, which is chosen with a special reference to this duty and to which committee must be reported weekly all the transactions of the bank.

"This custom, however, does not relieve directors generally of all responsibility. If the bylaws require monthly meetings they must make diligent effort to be present thereat. They must give their best efforts to advance the interest of the corporation both by advice and counsel and by active work on behalf of the corporation when such work may be assigned to them. If at their meetings or otherwise information should come to them of irregularity in the proceedings of the bank, they are bound to take steps to correct those irregularities. They are bound generally to use every effort that a prudent business man would use in supervising his own affairs, with the right, however, ordinarily to rely upon the vigilance of the executive committee to ascertain and report any irregularity or improvident acts in its management. And this custom is but the outgrowth of the necessities of the situation.

"Business men of New York are probably the busiest men in the world. They have large business enterprises in which their first interest lies and to which their first duty belongs. Most of them are directors of more than one corporation and some of them of many. If they are compelled to supervise the detail management of each corporation in which they are directors, or if they are deemed to have constructive knowledge of such facts as would be acquired by such supervision it would be wholly impossible for them to accept such a trust. They cannot give the time to watch the small everyday transactions of the corporation, and if chargeable with such knowledge as would be acquired therefrom the risk is too great

for them to run. They are then in effect made answerable for the neglect of the executive committee, to which is given this duty of supervision.

"Plaintiff's contention is that they must not then accept the position of director. The obvious answer to this contention is that the corporation cannot afford to lose them. One of the best assets of a corporation is the advice and assistance of men of business experience and of large business connections upon its board. Their advice and assistance are of inestimable value in all emergencies and in determining the policies of the corporation and in counsel upon the more important questions that arise. Any construction of the law that would make it impossible for such men to accept positions upon various boards of directors would seriously impair both the effectiveness and stability of corporations, in fact be little less than calamitous."

This view of the New York court will be comforting to those directors of banks who have insisted that of late there is a tendency on the part of the courts to hold directors accountable to a degree that is both impracticable and unjust.

But, on the other hand, if the doctrine above enunciated becomes the one generally accepted, it may not only encourage remissness among bank directors—and no encouragement in that direction would seem to be needed—but would tend to foster a more glaring evil, namely, the use of the names of well-known business men as directors, simply as a bait to the public, those consenting to have their names so used not having more than a nominal connection with the bank or other enterprise they are supposed to direct.

Between throwing all responsibilities upon the officers and executive committee, and requiring impossibilities of di-

rectors, there would seem to be a middle ground upon which the responsibilities of directors should be firmly fixed. The true rule, we believe, has been laid down about as follows: That a director of a corporation is bound to give to the affairs of the corporation that same degree of supervision that a prudent man would give to his own affairs.

The case in which the New York decision arose was one involving the employment of a considerable amount of the funds of a trust company in an en-

terprise that proved unsuccessful. While the court has absolved the directors from legal liability the question yet remains whether, if the money involved had been their own, the directors would not have watched it with more care. The doctrine that a man, as trustee, may be less careful of other people's money than he would be of his own funds, if once established, might tend to unsettle confidence in fiduciary relations of all sorts. This doctrine may find legal support. Morally, it is indefensible.

A SUGGESTION FOR THE REFORMATION OF OUR BANKING AND CURRENCY SYSTEM

By R. G. Rhett, President People's National Bank, Charleston, S. C.

OUR present banking system requires central reserve banks to keep twenty-five per cent. of their net deposits in "lawful money." Experience has shown that practically as much more has to be carried in call loans on Stock Exchange collateral as a supplemental reserve. It is further shown that this supplemental reserve is unavailable at times, rendering the deposit reserves of other banks held by these central reserve banks likewise unavailable to them. Therein lies a serious defect in our banking system, which unquestionably calls for a remedy. It is suggested in this article that the remedy lies in a National Reserve Association for each Central Reserve City.

DEFECTS OF THE PRESENT CURRENCY.

Our currency is inelastic. The supply for it does not correspond with the demand, either over the country at large, or in any particular section of it, where a demand periodically or fortuitously arises.

A currency, therefore, is needed, which may be redeemed by the holder

in gold, without expense to himself, anywhere over the United States, thus insuring it against depreciation; and at the same time issuable anywhere in the country in such amounts and in such manner as to be responsive to local needs, without being dependent upon conditions in other sections, and especially upon conditions in our money centers—a currency which is equally responsive to the demands which a raid upon the stock markets in these money centers may create there; to the demands which the gathering of crops in the West or the South periodically creates there, or to the demands which from any cause in any locality may at any time render necessary the temporary conversion of bank credits into currency notes, without any of these demands having any appreciable effect upon the supply of currency to meet other requirements.

It is suggested that this currency be furnished through National Currency Associations, organized in all sections of the country, under the supervision of the Government; all currency to be issued through Government Sub-Treasuries where a gold reserve must

be kept, and where the currency is payable. The currency is secured by a first lien upon the assets of the bank in whose name it is issued. It is secured by a gold reserve kept with the Government to an amount ranging from twenty-five per cent. to fifty per cent. of the currency issued, and by securities lodged with the Currency Association. It is also secured by the mutual guarantee of the members of the association; and, in turn, the currency of each association is secured by the mutual guarantees of all other associations. It is open to all banking institutions, whether organized under national or State law, and is limited to fifty per cent. of the capital of each bank, gradually increasing to eighty per cent. as the bond-secured currency is retired.

Some provision is necessary for the retirement of our present bond-secured currency, without embarrassing the Government, or reducing its revenue. It is suggested that this be accomplished through a gradual redemption of these bonds, and a replacement of them by three per cent. bonds. A sufficient revenue is provided under the plan to enable the Government to realize considerably more than sufficient to offset this loss.

There seems to be an opinion prevalent amongst many bankers that "local associations" organized for the purpose of a mutual guarantee of paper would constitute a valuable adjunct to our banking system. It would seem to be worthy of a trial, but inasmuch as it is more or less of an experiment, its membership should be entirely a voluntary one, and it should be severable at will, under proper terms and restrictions. It should be entirely distinct from either of the other associations.

The following is a plan in detail for carrying out these suggestions:

NATIONAL RESERVE ASSOCIATIONS.

1.—There may be organized in each central reserve city an association to be known as the National Reserve Association of that city. Its stockholders shall be confined to banking institutions

of those cities respectively, organized under either national or State laws, whose charters shall confer upon them the power and authority to subscribe to such stock upon the terms herein set forth, and to comply with the conditions herein imposed upon such stockholders.

2.—No bank may become a stockholder unless it shall have an unimpaired paid up capital of \$200,000 and a surplus of at least twenty per cent., and every stockholder shall subscribe and pay in twenty per cent. of its capital stock; no more and no less.

3.—The depositors of a National Reserve Association shall be confined to its stockholders and the Government of the United States.

4.—The board of directors of such association shall consist of one accredited representative of each stockholder, who shall have one vote for the first \$500,000 of capital, or less, which he represents, and one-fifth of a vote for each \$500,000 of additional capital.

5.—The board shall make such rules and pass such by-laws as it may think proper, provided they are not inconsistent with this act, and they are approved by the Comptroller of the Currency.

6.—The board shall elect an executive committee of nine, to whom shall be entrusted the active management of the association. The executive committee shall elect a governor and as many deputies as the board may determine.

7.—Each association may establish as many offices or branches in foreign countries as its board may from time to time determine, provided the Comptroller of the Currency shall approve of each such office or branch. When established, a branch may not be discontinued without the approval of the Comptroller and the Secretary of the Treasury, and it must be discontinued at their joint direction.

8.—The association shall publish weekly statements, and it shall be the duty of the Comptroller to have its condition examined in detail at least three times in each year.

9.—A bank may count one-half of

its deposit with the Reserve Association as a part of its lawful reserve.

10.—The National Reserve Association shall have the power and authority to issue currency notes upon the same terms and conditions as are hereinafter imposed upon the members of National Currency Associations; except that the limits of its issue shall be twice as great as those imposed upon such members; and in the discretion of the Comptroller of the Currency, and of the Secretary of the Treasury, these limits may be removed upon terms fixed by them, for periods not exceeding three months, and at intervals of not less than two years.

NATIONAL CURRENCY ASSOCIATIONS.

11.—There may be organized anywhere in the United States associations to be known as "National Currency Associations." The membership of such associations shall be confined to banking institutions organized under either national or State laws, having unimpaired paid-up capital of not less than \$50,000 and surplus of at least twenty per cent.; having under their charters the power to comply with the terms and conditions herein imposed, and entering into agreements to do so.

12.—Every bank applying for membership in a Currency Association shall file with the Comptroller of the Currency an obligation to purchase from the United States Government such proportion of any issue of bonds which it may issue, as the result of war, as its capital shall bear to the total capitals of all banks which may be members of any Currency Association at the time. Provided such proportion does not exceed twenty-five per cent. of its capital, and said bonds bear three per cent. interest and are retireable in ten equal annual instalments, beginning not later than two years after the close of such war.

13.—No National Currency Association may be organized with less than ten members, having an aggregate capital and surplus of at least \$5,000,000, and no more than one such association shall be organized in any city. Pro-

vided, however, that any bank having the qualifications prescribed shall have the right to be admitted to membership; and no bank may become a member of more than one association.

14.—These associations shall be managed under such rules and regulations as may be adopted by their respective boards of governors, and approved by the Comptroller of the Currency.

15.—The board of governors shall be composed of one representative of each member, and such representative shall be entitled to one vote for the first \$100,000 of capital or less, which he represents, and one-fifth of a vote for every additional \$100,000.

16.—Any bank may withdraw from the association after a written notice of ninety days; provided it does not reduce the number of members below ten, or the aggregate capital and surplus below \$5,000,000.

17.—The limit of bond-secured currency which any national bank may issue shall be reduced to fifty per cent. of the capital of the bank, and no national bank which has not taken out its full issue of bond-secured currency as limited herein shall be permitted to take out any currency under this act.

18.—The limit of bond-secured currency shall be reduced by five per cent. of the capital stock each year until it is entirely retired.

19.—Any member of a Currency Association which shall have complied with the conditions herein imposed shall be entitled to have issued from the United States Sub-Treasury of its district its bank-note currency to an amount not exceeding fifty per cent. of its capital stock. This proportion may be increased every two years by ten per cent. of the capital stock until it shall reach a total of eighty per cent. These notes shall be received by all banks that are members of Currency Associations at par and by the United States for all dues except duties on imports.

20.—Each banking institution upon being admitted to membership shall deposit with the United States Treasurer gold or gold certificates to the amount of five per cent. of the maximum cur-

rency it is permitted to issue hereunder, and shall at all times maintain with the Treasurer such per cent. of reserve.

21.—There shall be established fifteen Sub-Treasury Clearing Houses in convenient parts of the country for the issuance and clearance of currency, to one of which each association shall be assigned. These may be increased as the Secretary of the Treasury and the Comptroller of the Currency may determine.

22.—There shall be kept on hand at each Sub-Treasury Clearing House, at all times, as nearly as practicable, currency of each member of an association in such district to an amount equal to fifty per cent. of its capital. This currency shall be in fives, tens, twenties, and fifties, as desired.

23.—In order to obtain any of its notes a member of an association shall first deposit satisfactory securities with its association, twenty per cent. in excess of the amount of currency desired, and obtain a certificate of such deposit. Upon receipt of such a certificate, and of gold or gold certificates to the amount of twenty per cent. of the currency ordered, the Sub-Treasury Clearing House shall at once transmit to said bank its currency to the amount ordered within the limits above prescribed. This twenty per cent. gold reserve must be maintained an all currency outstanding.

24.—Every Sub-Treasury shall charge against the account of each Currency Association in its district on the first days of January, April, July and October, three-eighths per cent. of the daily average of currency of the members of such association in circulation during the previous quarter; i. e., the currency outstanding less the currency reported on hand. Each day every bank shall report in duplicate to its association, and to the Sub-Treasury of its district the amount of its currency on hand, and any false report of this shall render the bank making it liable to a fine of \$1,000, or exclusion from the association, at the discretion of the Comptroller.

25.—The Sub-Treasuries shall also credit on the account of each association

two per cent. interest on the average gold reserve kept by said association in excess of twenty per cent. of the outstanding currency of the association, and shall charge against said account interest on the average daily deficiency at the rate of four per cent. Each bank shall also be charged with the expense of printing its currency.

26.—Every bank in an association shall pay to its association, each quarter, one-eighth per cent. on its average daily currency in circulation as above defined, less two per cent. interest on all of the reserve over twenty per cent. of its currency outstanding which it has maintained. It shall also pay at the rate of four per cent. on all deficiency in its gold reserve until it falls to fifty per cent., and six per cent. on all below this. Provided, however, that whenever any bank shall have failed to maintain its reserve for fifteen consecutive days it shall be the duty of the association to notify the Comptroller of the Currency to that effect, and it shall be the duty of the Comptroller to have such bank examined, and, at his discretion, suspended, or excluded from further currency privileges. Any excess of this fund over the cost of operations shall be accumulated as a protection against losses until it reaches five per cent. of the maximum currency which can be issued by the aggregate membership of the association. All excess above this shall be distributed semi-annually in proportion to the currency respectively outstanding.

27.—All currency issued hereunder shall constitute a prior lien on the assets of the bank of issue.

28.—All currency shall be made payable at the Sub-Treasury of the district in which the association is located, and shall have written upon it the following: "This note is redeemable in gold, 25.8 ounces, 9-10 fine to the dollar, at the United States Sub-Treasury No. ____."

29.—There shall be a daily clearance of the currency of each association at the Sub-Treasury Clearing House of the district in which the several associations are located, and also a daily ex-

change of the currency of the several districts amongst the said Sub-Treasury Clearing Houses.

30.—Each district shall be numbered. Each association shall also be numbered in the order of its authorization by the Comptroller; each bank in an association shall likewise be numbered; and all these numbers shall be plainly written upon each note issued.

31.—Each Sub-Treasury Clearing House shall daily transmit to each association in its district all the currency of its members which shall be received by it, crediting the currency received from the association and reporting its gold balance on hand.

32.—Every association shall in like manner clear the currency of its members each day, reporting to them their gold balances on hand.

33.—The Post Office Department shall furnish each Sub-Treasury and each association suitable envelopes for each day of the year, on which shall be printed "Currency for National Currency Association No. —," or "Currency for Sub-Treasury No. —." These envelopes shall be exchanged daily and transmitted free of charge.

34.—The associations shall insure all currency in course of transmission for the benefit of the bank of issue and shall charge the respective banks of issue with the expense of same.

35.—The members of Currency Associations shall bear the expenses of their operations in proportion to the average daily currency of each in circulation. They shall bear all losses arising from the failure of any member of the association to redeem its currency, or from the failure of any other association to redeem the currency of any of its members, in the proportions of the capital stocks of the several members, and shall respond promptly to calls for these purposes.

36.—The several Currency Associations shall bear the losses which may be incurred by the failure of any association to protect and redeem the currency of any of its members in proportion to the aggregate capitals of their respective members.

37.—The reserve fund with the Treasurer of the United States may be drawn upon by any Sub-Treasury for the redemption of notes payable at its office. Notice thereof shall at the same time be sent to the Comptroller, whose duty it shall be to investigate the cause and to take steps to stop further drafts and restore what has been drawn. He shall have power to suspend or expel any member from an association, or to suspend any association from further business for any continued breach of its obligations. In the event of the deposit with the Treasurer being reduced by such drafts as much as one per cent. of the capital stock of all the members of all the associations, the Treasurer shall at once assess each member of each association one per cent. of its capital, and a failure to pay this assessment for ten days shall render the delinquent liable to suspension from further currency privileges. Provided, that at the end of each calendar year any excess of the reserve required arising from such assessment shall be redistributed.

38.—The Treasurer of the United States shall redeem any two per cent. bond of the Government, presented as hereinbelow described, after January 1, 19—, at ———. Provided, that these redemptions shall only be made on January 1 and July 1 in each year, and also that notice of not less than sixty days be given the Treasurer in writing, of an intention to ask redemption, together with a deposit of the bonds, or of security for their production to an amount not less than five per cent. of the bonds to be redeemed.

39.—The Secretary of the Treasury is hereby authorized to issue and sell as many bonds as he may find necessary to make the redemptions provided in the last section; said bonds not to bear a greater rate of interest than three per cent., nor to run for a longer period than thirty years. He may also offer three per cent. bonds in exchange for two per cent. bonds, at such prices as may be obtainable, with currency privileges, in such quantities and at such times as he may think best; provided,

that the rate for currency issued against such bonds shall be as much greater than one-half per cent. as the rate on the bond is greater than two per cent.

40.—Any association may dissolve by a two-thirds vote of its board, all accumulation of funds to be divisible amongst members in proportion to their capital stocks.

NATIONAL GUARANTY ASSOCIATIONS.

41.—There may be organized in the United States associations for the purpose of the mutual guaranteeing of paper, to be known as "National Guaranty Associations." Any bank, whose charter shall confer the power necessary, with a paid-up capital of \$25,000 or more, and a surplus of at least twenty per cent., may become a member of such an association.

42.—The governing board, which shall establish rules, elect an executive or managing committee, etc., shall consist of one representative of each member, who shall have one vote for the first \$50,000 (or less) of capital he represents, and one-fifth vote for each additional \$50,000.

43.—Every guarantee association shall be composed of at least ten banks with an aggregate capital and surplus of not less than \$5,000,000.

44.—Any member of a guarantee association may apply to its association for the guarantee of any of its commercial paper not exceeding the amount of its capital stock, and the association may require such security as its board, or committee or manager may think proper, and may also charge such commission therefor as may be established. The profits and losses of the association shall be shared or borne by its members in the proportion of their capital stocks.

45.—Any bank may withdraw from any of the associations herein authorized upon ninety days' notice; provided its withdrawal does not reduce the aggregate capital or the number of members below that prescribed for its existence; and it shall not be liable for any obligation created after its with-

drawal. It shall receive upon withdrawal the estimated value of its stock, or deposit or earnings, as made by the Comptroller of the Currency, or pay such estimated expenses or losses as he may fix. If either party is dissatisfied, it may appeal to the United States District Court from his decision.

46.—The by-laws or rules of every association shall be submitted to the Comptroller of the Currency for his approval before final adoption.

47.—It shall be the duty of the Comptroller of the Currency to have both the Currency Associations and the Guaranty Associations examined at least twice a year, and he shall have the right to have any security excluded and replaced. He shall also have the right to have any member of the Currency Association examined and suspended or excluded from the association. If such exclusion reduces the association below its limitations either as to the aggregate capital or the number of its members, it shall not affect its right to continue as such.

48.—National banks may open one or more branches in foreign countries with the approval of the Comptroller in each particular case. Provided that all the expense of the examination of such branches shall be repaid the Comptroller by the bank, and the statement of each branch shall be separately made and so published.

49.—National banks shall have all the powers necessary to become members of any of these associations.

50.—Banks under State charters must separate their surpluses from their undivided profits as is done with national banks, and the Comptroller shall satisfy himself that each applicant for membership in a currency association, whether under national or State charter, complies with the conditions prescribed before permitting it to become a member. He shall issue a certificate of membership to each bank permitted to become a member, which certificate is revokable by the Comptroller for any of the causes above mentioned.

51.—An association may dissolve upon a two-thirds vote of its board, and

in such case the liabilities or profits of the association shall be borne or accrue to its members in proportion to their capital stocks.

RESERVES.

This plan proposes to permit the banks of New York, Chicago and St. Louis to concentrate such proportions of their cash reserves as they may find advisable in central organizations, which can invest a part of these funds in foreign securities and short-term commercial paper and relieve them of the dangers of so great a dependence upon the call loan on Stock Exchange collaterals. But only one-half of the deposit with the Reserve Association shall count as reserve. For instance, a national bank with only six per cent. cash on hand must have thirty-eight per cent. on deposit with the association to have its lawful twenty-five per cent. reserve. Whether these deposits should draw interest or not; what the rate should be, in the event it be found advisable to have them draw interest; what reserve the association should keep, and in fact all matters of detail in its management and business are left to the associations, subject to the supervision of the Comptroller.

No bank is compelled to become a stockholder, nor to remain one any longer than it finds the association agreeable and profitable. The power to issue currency on its credit to a limited extent is given it, and also, subject to terms and conditions prescribed by the Secretary of the Treasury and the Comptroller, the power is conferred to issue currency for emergencies created by crises and panics to any amount which they may fix. This provides a safeguard similar to the clearing-house certificate, except that it is lawful currency available anywhere.

CURRENCY.

The vast extent of this country and the great diversity of its business make it of the utmost importance that a currency system be adopted which will enable the people, in whatever industry employed or in whatever section living,

to obtain currency for use in connection with those industries in every portion of the country without heavy expense and without any dependence upon the stock markets or the disturbances in money centers, or upon the dictation of any men or body of men, who may or may not be in sympathy with their requirements. Such a currency must be a bank-note currency, issued by the banks of the country everywhere upon their own resources, but at the same time it must be so sound that no suspicion even of its quality can be entertained. It must be such as will bring par everywhere. It must be issued under Government supervision, payable at Government Sub-Treasuries and automatically retireable when not needed in the particular section of its issue at the time.

When the crops are to be gathered and currency is needed to pay for their gathering and marketing, the banks of such a section can convert their resources into such currency; but when the need is over and the currency begins to find its way back into banks anywhere, it is shipped at once to the bank of issue at the expense of the latter and retires itself.

Quick redemption is the whole secret of elasticity. When every bank is interested in clearing the currency of other banks each day just as they clear the checks on other banks, then there can be no inflation. And that is the foundation of the system herein proposed.

The charges for all currency are one and one-half per cent. to the Government and one-half per cent. to the association, but the gold reserve is doubled for the second half of the issue allowed. That, of course, raises the cost and at the same time makes the currency more secure. The actual cost of the currency after allowing for the gold reserves varies from 2.85 per cent. to 3.05 per cent.

Every local association for its own protection will look after the securities pledged for the currency issued by its members.

The fact that the banks of each local

association are primarily liable for any loss incurred through its members will make the members of every association feel reasonably safe from any apprehension of assessment for any loss incurred outside of its own organization. At the same time the credit of the entire banking capital of the country is behind every bank note.

The State banks are given the same right to participate in the association

as the national banks, because the more banks that are interested in clearing the currency of other banks daily the less the danger of inflation; and there is no reason why they should not participate if they will comply with the requirements prescribed. Specific securities are pledged with the officers of the association for each dollar that is issued, and every note is a prior lien on the assets of the bank of issue.

HALF A CENTURY OF CANADIAN BANKING DEVELOPMENT

By Fred W. Field, Editor Monetary Times of Canada

THE monthly statements made by the twenty-seven chartered banks of Canada to the Dominion government are important financial documents in that country's economic history. The Canadian bank figures of recent months have vividly illustrated the remarkable banking expansion and general development in Canada during the past forty years. There are now many reasons which give the Canadian monthly bank statement international importance. A few years ago it was of interest chiefly to Canada. Immigration, railroad construction and investment have changed that condition.

The investment of capital in Great Britain's chief overseas Empire has now assumed considerable magnitude; British capital has been placed in Canada to the extent of £372,000,000. The past few years have brought more than £160,000,000, as the following table respecting Canada's public flotations in the London market shows:

Year.	Amount.
1905	£13,530,287
1906	6,477,500
1907	11,203,711
1908	29,354,721
1909	37,411,723
1910	38,453,808
*1911	26,591,844
Total	£163,023,594

*Eight months.

The aggregate Canadian public issues overseas for the first four years, 1905 to 1908, was £60,566,219, and for the next two years, 1909 and 1910, £75,865,531. So that in those two years, Canada obtained £15,299,312 in excess of the sum raised during the previous four years. In 1910, the Dominion borrowed in London almost three times as much as in 1905.

AMERICAN INVESTMENTS IN CANADA.

Another phase of Canadian investment gives Canada's banking development international interest—that is, the capital placed by United States industrial firms in Canadian branch factories. At least 209 American companies have branches in Canada, representing a capital investment of approximately \$125,400,000. In addition there is a sum of approximately \$292,000,000 of American capital in Canadian timber, mines, lands, etc.

Of recent years France, Germany and Holland particularly have turned attention to the Dominion, and my recent estimate of foreign investments in Canada gave a total of \$139,000,000. The large volume of capital which has come into Canada may be summarized as follows:

Investments in Canada.	Amount.
British	\$1,860,000,000
American	417,143,221
Foreign	139,589,650
Total	\$2,416,732,871

Additional business has been given to the Canadian banks by new capital which has come to the country through the medium of immigration. During the ten years ended March 31, 1911, Canada gained by immigration 1,764,475 immigrants. Of this number 685,067 were British, 619,546 were American, and 459,862 came from Continental Europe. A recent detailed estimate of the cash and cash value of settlers' effects brought into Canada by these immigrants gave a total of \$636,272,080.

GOLD MOVEMENT FROM NEW YORK.

Still further international color is given to Canadian banking by the gold movement to the Dominion from New York. This was unusually large in May last, when the total shipments from New York to Canada aggregated \$8,200,000. This was due largely to the low rates for New York exchange at Montreal and to an accumulation of Canadian credits in the New York market, caused by the sale of drafts on Europe. The gold movement last spring represented a transfer of part of the funds being raised by Canada in London.

The expansion of Canadian banking has been in keeping with the general progress of the Dominion. Taking the capital of the banks every ten years since 1869, the figures shown at the bottom of page are obtained.

The increase in authorized capital in the forty-years period to 1909 was 252

per cent.; in capital subscribed, fifty-three per cent.; in capital paid-up, 212 per cent.; and in reserve, 294 per cent. In the case of capital subscribed, the gain is for thirty years; and in reserve, for twenty years. In the same order the gain in the ten years from 1899 to 1909 was eighty-five, sixty-four, fifty-three, and 158 per cent., respectively. Still further increases were shown in 1911.

INCREASE IN BANK CAPITAL.

While these statistics exhibit much progress, they do not show a greatly increased capital power in the forty years. This has been a matter of some complaint in Canada. Whenever the shoe pinches, so far as more credit is concerned, an agitation is revived regarding increased capital for the Canadian banks. It has been suggested that they should obtain assistance from British financial institutions. The capital strength of the Canadian banks will probably be increased materially within the next few years.

The Dominion's crop movement, on account of rapidly increasing acreage, is growing to large proportions. The wheat area of Canada twenty years ago was 623,245 acres. Last year it was estimated at 8,377,949 acres, a gain in that period of 1,244 per cent. The total area under crop last year was 32,711,000 acres. While the increase in acreage may not prove as equally large in the next twenty years, it will certainly be considerable.

Before then, one of two things may happen—the introduction of European aid in crop financing, as has been the case in the United States, or an increase in the total available bank capital in Canada. Foreign capital is al-

July	Capital Authorized	Capital Subscribed	Capital Paid-up	Reserve
1869	\$40,466,666	.....	\$31,130,443	.....
1879	68,666,666	\$64,246,033	61,287,331	.....
1889	75,779,999	62,275,699	60,242,871	\$19,991,999
1899	76,308,664	64,364,348	63,390,653	29,114,793
1909	141,466,666	98,429,001	97,487,871	75,847,368
1911*	156,266,666	101,979,466	100,648,717	85,213,740

*April.

ready, to a small extent, interested in our crop movement, stock of one bank having been sold in a large block in London, while \$7,000,000 of French capital were subscribed this year to the \$10,000,000 of capital authorized for a new bank. The returns of this bank have not been included in the figures quoted in this article, as the bank commenced business some time after the statistics were prepared.

LIABILITIES AND ASSETS.

The total liabilities and total assets of the Canadian chartered banks were as follows in the various years:

	Total liabilities.	Total assets.
1869	\$48,994,937	\$84,108,387
1879	92,246,366	167,186,861
1889	173,934,106	254,611,284
1899	319,172,045	412,597,714
1909	872,752,042	1,055,889,084
*1911	1,046,506,776	1,246,746,415

*April.

The increase in liabilities during the forty years was 1,716 per cent. and in assets 1,155 per cent. A striking gain is noticed during the ten years from 1899 to 1909, the liabilities and assets both having doubled. The former shows a gain in the decade ended 1909 of 142 per cent. and the latter of 156 per cent. The increase in the total assets from 1869 to 1911 was 1,388 per cent.; and in total liabilities, 2,079 per cent. In every year the margin of assets over liabilities was fairly liberal.

EXTENSION OF CREDIT.

The loans advanced by Canada's banks perhaps indicate as well as any figures the rapid growth of the country. The following are the current loans in Canada for the July of each year and April last:

July	
1869	\$54,175,679
1879	98,773,675
1889	148,768,283
1899	247,747,500
1909	539,821,041
*1911	712,032,758

*August.

Since 1869 the increase in current loans was 1,201 per cent., while the gain since only 1909 was thirty-two per cent.

That the borrowing needs of Canada have been pretty well satisfied, is generally conceded. Only once within the past ten years did any serious complaint arise as to the lack of accommodation afforded by the banks. That was immediately after the United States panic in 1907. The powers-that-be in Canada's banks learned the lesson not by their own, but by their neighbor's (the United States) experience. The result was that credit in Canada was sharply curtailed shortly after the echoes of besieging Wall Street mobs had died. At the time, many thought that the Canadian financial institutions were too severe. Time has proved that their action in instituting an almost extreme, conservative loaning policy was right. It apparently saved the Dominion from a serious commercial slump and brought the country out of a slight depression, in about two years, to a state of normal prosperity.

CALL LOANS IN NEW YORK.

In regard to loans, probably the strongest criticisms of Canadian banking have been heard in relation to the call loans abroad, made by the Canadian banks. It has been argued that the needs of the Dominion have been sacrificed by the loaning of large sums of money, chiefly in New York, where high rates of interest have been earned. The figures for the first few months of the present year will suffice as an example as shown on top of next page.

The current loans in Canada have expanded during the present year, with a decrease in the current loans elsewhere. The call loans in Canada have declined a few million dollars, while those elsewhere at the end of April exhibited a slight increase. This year's figures do not show the notable change which has occurred in the Canadian banking policy in respect to call loans

	Current loans in Canada	Current loans elsewhere	Call loans in Canada	Call loans elsewhere
January	\$682,506,695	\$38,362,549	\$60,200,781	\$83,796,665
February	689,234,781	37,699,221	59,132,692	85,420,046
March	710,604,072	35,512,495	58,369,712	85,250,789
April	712,032,758	33,783,963	57,832,690	84,535,658

abroad, and chiefly in New York. The table at the bottom of this page gives an idea of that feature.

During the year from April, 1910, to April, 1911, the increase in credit to Canada was 11.5 per cent., current loans outside of Canada dropping 12.5 per cent. Call loans in Canada during the year exhibited a small decline in striking contrast to a decrease of 30.9 per cent. in the call loans made by the Canadian banks in New York. These figures illustrate the increased demand for credit in Canada and the manner in which the Canadian banks are answering the appeal.

AN ANSWER TO CRITICISM.

Criticism is frequently heard in the Dominion respecting the policy of Canada's banks in making loans in New York. Mr. Alexander Laird, general manager of the Canadian Bank of Commerce, has stated that the action of any Canadian bank in curtailing its commercial loans in Canada in order to take advantage of the high rates occasionally prevailing in New York would be absurdly improbable.

Only occasionally, he added, during the past fourteen years have excessive rates for call money in New York prevailed for more than a few days in the year, and no sane banker would think of sacrificing permanent business connections in Canada, of even the smallest kind, for such a temporary advantage. Self-interest will at all times be a sufficiently weighty force to prevent the banks from lending Canadian funds outside of Canada, except to the ex-

tent that is necessary for the purposes of their cash reserves.

In November, 1907, when the foreign loans of Canadian banks were at their low point—\$64,774,000—the Canadian banks held deposits elsewhere than in Canada amounting to \$54,819,000, so that not more than \$10,000,000 of Canadian funds were being lent outside Canada. Moreover, the larger portion of these loans are carried in New York at twenty-four hours' call—practically as readily available as cash. Except at rare intervals, New York call loans bear a much lower rate of interest than Canadian mercantile loans; consequently the banks aim to carry only such an amount at call in New York as with the cash carried in Canada will constitute a reasonable reserve of cash and immediately realizable funds.

WHAT MIGHT HAVE BEEN.

Had the banks at the date mentioned had no deposits and no loans outside of Canada, only \$10,000,000 would have been added to their resources at home, and this would not have been lent for commercial purposes. On the contrary, in order to bring the total reserves up to the normal level, not only would it have been necessary to add this sum to the cash reserves carried in Canada, but also to withdraw a further large sum from mercantile loans.

Notwithstanding the severity of the United States panics, Mr. Laird has stated that there was not a day during which moneys lent to New York brokers on call could not have been got in, and,

	April, 1910	April, 1911	Year's inc. or decrease
Current loans in Canada	\$638,247,238	\$712,032,758	+ 11.5
Current loans elsewhere	38,636,636	33,783,963	— 12.5
Call loans in Canada	59,621,328	57,832,690	— 2.9
Call loans elsewhere	122,359,531	84,535,658	— 30.9

while it is true that, if it had been desired to ship money to Canada direct from New York, a premium of three to five per cent. would have had to be paid, on the other hand, New York funds could at any time have been exchanged for drafts on London, and the gold brought from there—this procedure was followed to a considerable extent by the New York agencies of Canadian banks.

MONEYS LENT IN THE UNITED STATES.

On the general subject of the moneys lent in the United States, it may properly be argued that reserves are for use in a time of emergency, but on this score it can be shown that the course of the Canadian banks that autumn was not at all open to criticism. In the month of September, 1907, the total loans of Canadian banks outside Canada amounted to \$88,953,000, while at the end of November, when the stringency was most severe, they had been reduced to \$64,774,000—from which it will be seen that the banks had drawn upon their outside reserves to the large amount of \$24,000,000 to meet the necessities of the mercantile community in Canada.

The actual prosperity of the people of Canada is probably best reflected in the deposits account. The following are the statistics for the various years:

July.	On demand.	After notice.	Total deposits.
1869..	\$15,627,807	\$23,790,443	\$39,418,250
1879..	32,980,742	30,202,267	63,183,009
1889..	54,164,715	69,068,495	123,233,009
1899..	93,080,103	168,044,920	261,124,323
1909..	222,555,749	466,337,816	688,893,565
*1911..	281,964,369	555,822,930	837,787,299

*April.

ENORMOUS GAINS IN DEPOSITS.

Since 1869, the gain in deposits on demand was 1,780 per cent.; in deposits payable after notice, 2,313 per cent.; and in total deposits, 2,046 per cent. In the decade 1899 to 1909, the deposit figures in each case more than doubled, the percentage gains being respectively

138, 177, 163, and further gains have occurred during the past two years.

Here are the figures representing notes in circulation at various periods:

July	
1879	\$21,050,631
1889	30,343,413
1899	40,270,100
1909	71,006,005
*1911	89,796,521

*April.

The increase in the thirty years from 1879 to 1909 was 238 per cent.; between 1899 and 1909, seventy-seven per cent.; and between 1909 and April, 1911, twenty-five per cent. According to the July, 1909, figures the actual circulation was less than the capital, which is the ordinary limit of the note output.

SPECIAL CROP MOVEMENT ISSUE.

By recent legislation, the Canadian banks are permitted to issue for crop movement purposes an additional fifteen per cent. of their total paid-up capital. This allowed them, on the strength of the July statement, to issue temporarily a further batch of notes to the extent of \$25,000,000. That additional sum afforded an ample amount to finance the Canadian crops in that year; but the figures suggest again the necessity for increased capital strength for the bank.

It has been suggested in some quarters that the banks may find a little difficulty in financing the crop movement this fall. Early estimates gave a wheat crop to Western Canada this year of 200,000,000 bushels. High prices should be obtained by the Canadian farmer because of the comparatively unpromising wheat crops of foreign producing countries, such as Russia. One authority has suggested one dollar a bushel this fall. Applying that to the 200,000,000 bushels, there will be a circulation of \$200,000,000 in Western Canada. We will allow crop damage to the extent of twelve per cent., which would still leave a crop with the value of \$175,000,000. The cost of raising

a bushel of wheat to the farmers in Canada has been estimated at forty cents per bushel. It seems unlikely that there will be any difficulty in financing this large crop. The wheat crops are now moved much more quickly than in the past.

NUMBER OF BANKS IS SMALLER.

Canada to-day has a smaller number of chartered banks than it has possessed since 1879. In 1889, it had forty-one chartered institutions, while to-day it has only twenty-seven, or twenty-eight with the new bank which has recently commenced business. In 1869 the country had twenty-seven banks. The following table shows the position in various years, by provinces:

July.	In Ont.	Que.	Nova S.	New B.	B. C.	P. E. I.	Manitoba.	Sask.	Total.
1869	5	13	5	4	..	..	..	..	27
1879	9	18	8	4	..	..	..	..	39
1889	13	14	9	3	1	..	1	..	41
1899	10	14	8	3	1	2	..	..	38
1909	13	11	2	2	..	..	1	..	29
*1911	11	11	1	1	1	..	1	1	27

*August.

The above statistics represent only head offices. During the forty years, many banks which were transacting business in but one province ceased to do business, while the larger banks opened many new branches throughout the country. The tendency of late years has been to eliminate the weaker institutions and to consolidate the banking strength of the country in comparatively few and strong institutions. Only three new banks have come upon the scene within the past few years. At the present time no bank charters are in the Canadian market. That of the proposed Bank of Winnipeg lapsed after the granting of a time extension by the Dominion Department of Finance. By creating a holding company to take over the assets and liabilities of the Sovereign Bank, which failed some years ago, the charter of that institution was preserved.

APPLICATIONS FOR BANK CHARTERS.

As there have been five bank failures in Canada within the past five years,

the Minister of Finance and his advisers will deem it necessary to grant bank charters only after very mature consideration. There are probably many big financiers in the Dominion who would immediately obtain a charter were it not for running the gauntlet of the parliamentary Banking and Commerce Committee.

An example of the value of bank charters in Canada was afforded when a proposal was made for the absorption of the Western Bank of Canada by the Standard Bank. The amalgamation was practically arranged when several parties, anxious to obtain the Western Bank's charter, put up a strong fight therefor. The Standard, however, triumphed, and thus one more institution,

the Western, was eliminated from the list.

While the number of banking institutions has decreased and shows a loss to-day, when compared with 1889, of fourteen institutions, the number of bank branches has expanded surprisingly. In January, 1907, the total number of bank branches in Canada was 1,608. At the end of August, 1911, it had increased to 2,505, with additional branches in the United States, England, Newfoundland, the West Indies, France and elsewhere. The branches in the United States are located at New York; Boston; Chicago; Portland, Ore.; San Francisco; Seattle, and Spokane.

DISTRIBUTION OF BANK BRANCHES.

The distribution of the branches for August, 1911, is seen in the table on next page.

The one branch in the Northwest Territories is in the Hudson Bay region. The Western provinces have claimed numerous new branches in re-

cent years, the development there being most marked.

Province.	No. of bank branches.
Ontario	1,019
Quebec	384
Nova Scotia	112
New Brunswick	74
Prince Edward Island	14
Manitoba	181
Alberta	209
Saskatchewan	306
British Columbia	203
Yukon	3
Northwest Territories	1

Total 2,505

VALUE OF BANK PREMISES.

The book value of bank premises increased from \$3,266,377 in 1879 to \$27,078,680 in April, 1911, a gain of 800 per cent. One might imagine that the head offices and over 2,000 branches would be worth a far larger sum than \$27,000,000. As a matter of fact, they are—and considerably more. The explanation is—and it was given by Sir Edward Clouston, president of the Bank of Montreal, last year—that the bank directors have been indisposed to burden their assets with any large item that could not be promptly converted into cash. They have consequently

charged directly against revenue the entire expenditure connected with the building extension and maintenance of bank premises.

The population of Canada at various years was as follows:

1871	3,689,257
1881	4,324,810
1891	4,832,939
1901	5,371,315
1911 (estimated)	7,350,000

WANTED—POPULATION, CAPITAL AND ENTERPRISE.

That is the banking story of Canada. The reader will undoubtedly deduct many conclusions as to commercial and investment progress in the empire across the international boundary, an empire comprising an area of 3,744,695 square miles. In the Peace River, Alberta, region alone, more than 1,500,000 square miles of good agricultural, timber, mineral and wheat growing lands await population, capital and enterprise. In Northern Ontario there are 20,000,000 acres of valuable agricultural land, awaiting only the same factors. There is thus room for more investment and further banking development.

EXCHANGE ON OUTSIDE CHECKS

BUFFALO, MONTANA, October 24, 1911.

Editor Bankers Magazine:

SIR: There seems to be a growing tendency among the country banks to adopt the plan of charging exchange on all items coming to the bank bearing out-of-state indorsements and in some cases those bearing out-of-county indorsements, some banks using the charge and credit system and others having their letters sent as collections and remitting therefor by draft.

I am somewhat reluctant to accept this plan, believing that the final results, if this plan is generally adopted, will mean a large amount of work and confusion in the matter of charging back exchange, and will not, finally, after the plan is generally adopted, result in an increased amount of earnings.

Furthermore, it appears that it will result in a dissatisfaction of the customers to whom this exchange is charged and in turn may have a tendency to decrease the num-

ber of checks sent out of the State in payment of bills, but on the other hand, these parties must come to the bank and buy exchange, which if charged for by many of the country banks, will cause considerable adverse criticism by many of the best customers of the banks. Then, too, among many of the country banks it seems impossible, because of sharp competition, to get all the banks to make a uniform charge on the drafts to all customers regardless of the amount of their deposits.

I would appreciate some enlightenment on this subject through the columns of your good magazine and also would be pleased to know how generally you find this system has been adopted throughout the Central and Eastern States.

Thanking you for this courtesy, I am pleased to remain,

Yours very truly,
W. M. BUCKLES,
Cashier First State Bank.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

TAXATION OF DEPOSITS IN NATIONAL BANKS

POWER OF STATE TO TAX—VERMONT STATUTE — NON-RESIDENT — DEFINITION.

Supreme Court of Vermont, Jan. 16, 1911.

STATE VS. CLEMENT NAT. BANK.

A State has power to tax deposits in the national banks located within the State.

The statute of Vermont imposing a tax upon such deposits is not unconstitutional.

The statute of Vermont does not apply to the deposits of non-residents.

THIS case involved the construction and validity of certain provisions of the statutes of Vermont relating to the taxation of deposits in national banks.

In the course of its opinion, the court, in discussing the question of the power of the State to impose such a tax, said:

The defendant argues that by the terms of the statute the tax is upon the deposits, and that inasmuch as the deposits are the property of the bank, and properly used in its business, the tax is upon the property or business of the bank. But the language of the statute does not require this conclusion. The transaction which makes the money the property of the bank gives the depositor a credit of equal amount, and the term "deposit" may be used to indicate the money deposited or the credit which the depositor receives for it. The last must be taken to be the meaning here, for the statute lays the tax upon the depositor in so many words. The credit arising from the transaction is properly taxable to the depositor under our statute, unless the debtor's status as a national bank secures its exemption.

The deposits of a bank increase its capacity for doing business, but they are not capital stock in any view. (So-

ciety for Savings vs. Coite, 6 Wall. 561.) The capital stock of national banks is taxed to the individual holders by permission of Congress, and could not be taxed without such permission. (State of New York vs. Weaver, 100 U. S. 539.) But it does not follow that congressional authority is needed to enable the State to tax national bank deposits to the depositors. There is no similarity between capital stock and deposits. The "capital stock" of a bank is the sum on which it is authorized to do business and the permanent basis of its credit. A "general deposit" is a loan to the bank, and the right of the depositor a mere chose in action. (Scammon vs. Kimball, 92 U. S. 362; Davis vs. Elmira Savings Bank, 161 U. S. 275; National Bank vs. Millard, 10 Wall. 152.)

It is true that deposits become a part of the working capital of the bank, and that any taxation of the depositors may have a tendency to lessen this resource; but it can hardly be supposed that the efficiency of national banks as instrumentalities of the federal government will be endangered by any taxation of depositors which is free from unjust discrimination. If the defendant's contention is correct, all uninvested capital of the State can escape taxation by seeking a refuge in national banks.

We find nothing in the utterances of the federal Supreme Court to indicate that this curtailment of the taxing power of the State was intended by Congress. On the contrary, it has been said that implied prohibitions of taxation must not be extended so far as to destroy the necessary powers of the State or prevent their efficient exercise; that in regulating the taxation of national bank shares it was not the intention of Congress to interfere with the taxing power of the State further than was necessary to protect the banks from carrying more than their share of pub-

lic burdens; that agencies of the federal government are exempt from State legislation only so far as that legislation impairs their efficiency in performing the functions of their agency. (*Union Pacific R. Co. vs. Peniston*, 18 Wall. 5; *State of New York vs. Weaver*, 100 U. S. 589; *First National Bank vs. Kentucky*, 9 Wall. 353; *Western Union Telegraph Co. vs. Attorney General*, 125 U. S. 530.)

In the case of an ordinary loan the property transferred to the borrower and the debt accruing to the lender are considered distinct and separate interests, and the State can impose a tax upon each. (*People vs. Worthington*, 21 Ill. 171. See *Tennessee vs. Whitworth*, 117 U. S. 129.) The failure to tax one would have no bearing upon the right to tax the other. It would seem from this that a borrowing bank can be protected from taxation by the doctrine of federal supremacy without impairing the right of the State to tax its creditor. So we conclude that there is nothing in the relation of the bank to the federal government that protects the depositors from taxation.

The defendant says further that the act is an unlawful interference with the business of national banks, because of the publicity required to be given to the business of the depositor and the bank by the prescribed returns. It is true that a State can exercise no control over a national bank, nor in any way affect its operation, except as Congress may permit. (*Farmers', etc., Bank vs. Dearing*, 91 U. S. 29; *Hawley vs. Hurd*, 72 Vt. 122.) But this doctrine protects the bank only from such legislation as tends to impair its utility as an instrumentality of the federal government. (*Waite vs. Dowley*, 94 U. S. 527.) It was held in that case that a statute of this State which required cashiers of national banks to transmit to town clerks a list of their shareholders, with the number of their shares, was not void. It is inconceivable that this requirement of returns from depositors for the purpose of reaching credits properly taxable to them can in any way impair the efficiency of a na-

tional bank as an agent of the federal government.

A majority of the court were of the opinion, however, that the statute should be so construed as to apply to resident stockholders only, and it was so decided.

CHECK DEPOSITED FOR COLLECTION

SENDING DIRECT TO DRAWEE BANK—
TIME FOR PRESENTMENT—DEGREE OF
DILIGENCE REQUIRED.

Supreme Court of Appeals of West Virginia, November 29, 1910.

PINKNEY VS. KANAWHA VALLEY BANK.

If the holder of a check indorses it, and deposits it for credit and collection in another bank, the collecting bank, if the check is not paid, and it is without fault in forwarding it for payment, has the right, on its return, to charge it back to its customer or recover the amount if he has in the meantime withdrawn the money.

The general rule is that if a collecting bank forwards a check directly to the drawee bank, and by custom or agreement it is authorized to credit the collecting bank and remit, or settle at stated periods, its receipt of the check, debiting it to drawer and crediting it to the collecting bank constitutes payment, and renders the forwarding bank liable to its principal for the amount thereof.

Such would be the effect of the transaction whether there was sufficient cash in the bank at the moment to pay the check, or it be afterwards discovered that the check was an overdraft, and the drawee insolvent.

The qualification of the general two day rule, allowed for forwarding paper for presentment is, that if there be more than one mail on the second day it need not go by the first, but, if there be but one, it must go by it, unless it leave or close at an unreasonably early hour. The whole of the second day is not allowed, unless the last mail of that day goes at the close of business. *Approving Lewis, Hubbard & Co. vs. Supply Co.*, 59 W. Va. 75.

A collecting bank, knowing of the depressed financial condition of the debtor, is delinquent in its duty if it neglects to inform its customer of such vital condition, and fails to take vigorous measures under the circumstances to secure payment, and if loss occurs by its negligence to exercise that degree of skill, care and diligence which the nature of its undertaking calls for, with reference to the time, place and circumstances surrounding the undertaking.

it will incur liability to its principal for the loss sustained.

The general rule to which there are few, if any, exceptions, is that it is negligence for a collecting bank to send checks direct to a drawee bank. The drawee bank who is to pay the check is not a suitable agent for its collection.

And the fact, that the drawee bank is the only bank at the place where it is located constitutes no exception to the general rule.

The custom of the banks at the place where the collecting bank is located, of sending checks to a drawee bank, will not justify the sending of a check directly to a drawee. Custom cannot justify negligence.

Where a collecting bank is negligent in transmitting a check for collection, and in forwarding it to the drawee bank, whereby such drawee, though in disregard of a special agreement, is enabled to debit the drawer of the check and credit the collecting bank, and control of the check is lost by the collecting bank and it is never returned to the customer, the latter may in an action of assumpsit, upon the common counts as for money had and received, recover the full amount of the check.

THE question in this case was whether the bank was liable for the amount of a check for \$2,500, which it had received from its customer. The points of law raised and decided are stated in the official syllabus given above.

POSTDATED CHECK

NEGOTIABLE INSTRUMENT—WHEN DRAWER CANNOT BE CHARGED AS GARNISHEE OF PAYEE.

Court of Appeals of Georgia, Aug. 4, 1911.

WILSON VS. MCEACHERN

A postdated check, or one which bears a date subsequent to that of its actual issue, is payable on or after the day of its date, being in effect the same as if it had not been issued until that date; but in the meantime it is a negotiable instrument, and the drawer thereof cannot be charged as garnishee of the payee, unless it affirmatively appears that at the time of the rendition of the judgment against the garnishee the check had become due, and was still the property of the payee.

ON July 6, 1907, D. E. McEachern sued out an attachment against Mrs. Zada Ingraham, and upon the same day J. A. Wilson was served as garnishee. Upon the trial it was shown

that in March, 1907, Wilson, the garnishee, being indebted to Mrs. Ingraham in the sum of \$480, paid this indebtedness by cash and a duebill, and on July 4, 1907, he took up this duebill from Mrs. Ingraham, giving her therefor his check on the Bank of Statesboro. There was evidence from which the jury might have found that the amount of the check was \$283, and that it was issued and delivered by Wilson to Mrs. Ingraham on the 4th day of July, 1907, and that it was actually dated October 1, 1907. When the summons of garnishment was served on Wilson, July 6, 1907, Mrs. Ingraham had the check in question in her possession, and on or about July 12 she made an effort to get the bank upon which the check was drawn to cash the same, but the bank refused to cash it, on the ground that it was postdated. On July 16, 1907, the J. W. Olliff Company, at the instance of Perry Rountree, cashed the check for Mrs. Ingraham, after deducting from the face thereof an account which she owed this firm, and on this date Wilson, the garnishee, took up this check from the firm of J. W. Olliff Company by giving his promissory note therefor for \$283, due October 1, 1907.

HILL, C.J. (omitting part of the opinion): There was no evidence whatever that the check had been dishonored. The evidence did show that its payment was refused by the bank because the day of its date had not arrived, and it further discloses the fact that the check had been cashed by the J. W. Olliff Company for the payee, Mrs. Ingraham, before the day of its date. Now, a postdated check, or one which bears a date subsequent to that of its actual issue, is payable on or after the day of its date, being in effect the same as if it had not been issued until that date. The failure of the bank to pay the postdated check until the day of its date was not a dishonor of the check. It would not be dishonored unless it was presented on the day of its date and payment was then refused. And the fact that the bank refused to pay a postdated check before the day of its

date would not of itself render liable the drawer of the check, who had been served with summons of garnishment before the day of the date of the check.

While the drawer of a postdated check can be garnished as debtor of the payee with respect to the debt for which the check was given, no judgment should be rendered against the drawer of the check as garnishee unless it is affirmatively shown that at the time of the rendition of the judgment the check had become due, and was still the property of the original payee.

A postdated check payable to the order of the payee is in effect a negotiable instrument, and before this negotiable instrument is due, the maker thereof cannot tell to whom he will owe it at maturity, because his obligation is not to pay it to any particular person, but to the holder at maturity, whomever he may be; and for the court to render a judgment against the garnishee, on such a negotiable instrument, as the debtor of the original payee, necessarily assumes that the payee is the holder of the note or check when the same fell due, and this the court cannot assume to be the fact, for the instrument may in the meantime and before maturity have been transferred to an innocent bona fide holder for value, who, as such holder, would be protected in his title, notwithstanding the maker of the negotiable instrument had been served with the summons of garnishment requiring him to answer what he was indebted to the payee who may have been the owner of the negotiable instrument at the time of the service of the summons.

The rights of a purchaser for value before maturity and without notice are paramount to those of a garnishing creditor, and the doctrine of *lis pendens* does not apply to negotiable instruments not due, and the summons of garnishment on the maker of such an instrument does not impound the fund in his hands so that the transfer of the instrument in good faith before maturity would not defeat the claim of the creditor. (*Mims vs. West*, 88 Ga.

18, 95 Am. Dec. 379.) The bank upon which the check in question was drawn had the right to refuse to pay it in July, because, by its date, it was not to be paid until the following October; but this was no dishonor of the check. The payee of the check, it being a negotiable instrument, could transfer it before maturity, for value, and if the transferee took it without notice of any defect or defense, or of any summons of garnishment on the maker of the check, and bought it in good faith, paying value therefor, then the maker of the check could not, under the law, have been liable as garnishee.

BANKS' RIGHT OF SET-OFF OF CLAIM AGAINST DEPOSITOR

CLAIM MUST BE CERTAIN, DEFINITE AND LIQUIDATED, OR CAPABLE OF LIQUIDATION.

Supreme Court of Alabama, June 11, 1911.

TALLAPOOSA COUNTY BANK VS. WYNN.

A bank may not set off a claim against a depositor unless the claim is certain, definite and liquidated, or capable of liquidation by calculation without the intervention of a jury.

THIS was an appeal from a decree dissolving an injunction restraining W. H. Wynn, as administrator, etc., from prosecuting an action at law against the bank.

MAYFIELD, J. (omitting part of the opinion): Mr. Morse, in his work on Banks and Banking, § 335, speaking of the claims of the bank against the depositor, for which it has a lien upon, or which it may set off with, his funds on deposit, says: "The claims set off must be certain, i. e., either already reduced to precise figures, or capable of being liquidated by calculation without the intervention of a jury to estimate the sum. And when the claim sought to be used as an offset requires the decision of a jury on the question of negligence before the claim is established, it cannot be offset, even though the amount of the judgment is very

clear, provided there should be any judgment of the claim. As where a bond deposited as collateral for a note was lost, and in suit by the bank on the note the maker tried to offset the loss of the bond. A judgment, or contract claim, that can be sued in debt, assumpsit, or covenant, may be set off. But a demand that must be sued upon in tort, or by bill in equity, cannot be set off."

The claim or demand sought to be set off in this suit is not within the class or classes as to which a bank has a lien upon the deposit of its customer, or as to which it has the right to set off such deposit. The claim is not certain, but very uncertain, and unquestionably requires the decision of a jury or of a court of equity to establish it. The only claims or demands sought to be enforced in this suit are those based upon actions in tort, or which could only be reached by a bill in equity, and they are consequently not subject to set-off.

CHECK

FORMAL PROTEST NECESSARY TO CHANGE THE DRAWER.

Supreme Court of South Dakota, June 21, 1911.

MANKER VS. HOYT.

A check dated in one State and drawn upon a bank in another State is a foreign bill of exchange, and formal protest is necessary in order to charge the drawer.

IN this case a person residing in South Dakota drew a check upon a bank in Iowa. The check was not protested.

HANEY, J. (omitting part of the opinion): It is not necessary to determine whether presentment was made within the time required by the statute, for the reason that the check here involved was a foreign bill of exchange, notice of the dishonor of which could be given only by notice of its protest. (Rev. Civ. Code, §§ 2261, 2262, 2279.) Notice of protest not having been given, the drawer of the check was exonerated, and decedent's failure to give such notice operated as payment.

NOTES ON CANADIAN CASES AFFECTING BANKERS

(Edited by John Jennings, B.A., LL.B., Barrister, Toronto)

SIGNATURE OF AGENT ON BILL OF EXCHANGE

BILL ON DRAWEE PERSONALLY AND WITHOUT QUALIFICATION — ACCEPTANCE BY THE DRAWEE FOR ANOTHER — LIABILITY THEREUNDER.

SMITH VS. MASON.

(Quebec Superior Court Reports p. 75)

THE plaintiffs claim the sum of \$1,000, being the balance due on a bill of exchange for \$1,500, dated at Toronto, February 12, 1909, drawn by the Standard Mutual Fire Insurance Co. and accepted by the defendant, payable to the order of the Standard Bank of Canada. The defendant pleaded that he did not accept the bill of exchange sued upon; that on the twelfth day of February, 1909, he was and still is manager of the United Fire Agencies, Limited, a corporation having its chief office at Toronto; that he

did not owe any sum whatever to that company nor to the Standard Mutual Fire Insurance Company; that the Montreal office of the United Fire Agencies, Ltd., owed premiums to the Standard Mutual Fire Insurance Co., and the draft for \$1,500 was drawn by the latter in respect of those premiums; that on April 23, 1909, the United Fire Agencies, Limited, paid \$500 on account of the draft by a check on which was written the words, "On account of a draft accepted by D. Mason, Montreal, for the United Agencies, Limited," which check was endorsed and cashed by the Standard Bank. The draft in question was accepted by writing across it the word, "Accepted," the signature of the defendant, D. Mason, and after the signature, the words, "for the United Fire Agencies, Limited."

It was also held that the defendant was not a holder in due course but had taken the draft after maturity and dis-

honor and that nothing was due to the holder. This fact was admitted at the trial. The draft was drawn upon the defendant, "D. Mason," without any words designating that he was an officer of or otherwise connected with the United Fire Agencies, Limited.

The trial judge held in favor of the plaintiff, on the ground that the draft having been drawn upon the defendant personally it could only be accepted by him personally.

From this judgment appeal was taken to the Superior Court.

JUDGMENT: The Superior Court were of the opinion that the facts were not material in arriving at the legal conclusion. The defendant, if he is to be considered as having accepted the draft in question personally, must be so considered in virtue of the writing and signature upon the draft and not by virtue of any extraneous circumstances. Drafts are intended to circulate freely among the commercial public and nothing but what appears upon them is material to the obligations which are assumed by the different parties thereto. The trial judge ignored the words following the signature in the acceptance and paid attention to the fact that the draft was addressed to the defendant personally.

The principles upon which this matter must be decided are well established, although the application of them is frequently difficult and has given rise to many contestations. In the first place, the statute itself provides that the interpretation which will validate the instrument is to be preferred to one which will have the contrary effect. These words of the clause are as follows:

"In determining whether the signature on a bill is that of the principal or that of the agent by whose hand it is written, the construction most favorable to the validity of the instrument shall be adopted."

On the other hand, it is clear that where the principal drawee of the bill signs it and so qualifies his signature, as to exclude any reasonable interpretation that he intended to assume any personal liability, although the bill will

thereby be invalidated, the acceptor would not be personally liable; that is to say, that where the interpretation cannot import into the words by which the acceptance has been qualified, a meaning which will make the person writing the words personally liable, that person does not become personally responsible.

With reference to the English case of *Mare et al vs. Charles*, (5 E. & B., 978) and citation from the judgment of CAMPBELL, C.J., and from various other English authorities, it is clear that the defendant has done exactly what was contemplated by the statute, that is, he has added words to his signature indicating that he signs for a principal and he is not therefore personally liable even if this construction has the effect of invalidating the bill. It is worthy of mention that the Standard Bank as holders of the bill at the time entered it in their books as having been accepted not by Mason but by the United Fire Agencies, Limited.

WHEN CONSIDERATION FOR A PROMISSORY NOTE FAILS

INDORSEMENT OF PROMISSORY NOTE TO BANK FOR COLLECTION—SUBSEQUENT ADVANCES BY BANK TO INDORSER—LIABILITY OF ACCOMMODATION MAKERS—SURETIES—KNOWLEDGE OF BANK—EXTENSION OF TIME—EQUITY ATTACHING TO NOTE—LIEN OF BANK FOR ADVANCES—BILLS OF EXCHANGE ACT, secs. 54, 70, 71, 74.

MERCHANTS BANK OF CANADA VS. THOMPSON.
(23 O. L. R.—503.)

The defendants are sued upon a promissory note for \$2,000, made on the first of July, 1907, by Living and the two defendants, jointly and severally, to C. H. Fox, and now held by the bank, plaintiff.

The note was given to answer the price of one-half interest in the manufacturing agency of Fox. It is disputed as to the exact effect of the agreement made in respect of this purchase, which is dated March 19, 1907: and I do not think it needful to discuss the legal situation of the parties thereto, on the present record.

Fox borrowed from the bank, and left this note with the bank on September 12,

1907, as collateral security, and also for collection. It was not discounted, and the amount lent to Fox was some \$500. The note fell due on October 4, and was not paid. The defendants were notified that the note was falling due, but it was not protested—the bank not being aware or not being informed of the fact that the defendants were only sureties for Living. Fox owed the bank \$800 at the date the note matured. On January 29, 1908, the Fox liability to the bank was cleared off. He became again indebted to the bank, and this was cleared off. He became again indebted to the bank, and this was cleared off on March 31.

Some evidence was given of conversations or understandings between Fox and Living, which are differently given by these two, and which do not, in my opinion, on the present evidence, amount to a definite agreement to give further time for the payment of the \$2,000, as between Fox and Living. Living told Fox he could not sell some land, but he expected to do so soon and would pay the note. Fox said that Living would have to pay such interest as it would cost him, Fox, during the delay, and that Living agreed to pay eight per cent.

Living's account does not accord; he said Fox reproached him for not paying the note, and Living said he had several thousand dollars in the business, and that Fox was willing to apply that on the note. It was agreed that the business was to go on, and he was to work off the note in that way. Living says further that in July, 1908, he was wrongfully excluded from the business by Fox, and for that reason he should not be called on to pay the \$2,000 as the consideration thereby failed. Fox denies that Living was so excluded, but says that for good cause and breach of fidelity he ended the agreement as to carrying on the business.

These things between Fox and Living were not made known in any way to the bank, which had the note in its possession all along. On November 24 it appears that Fox was not under liability to the bank, but afterwards became indebted, so that on March 1, 1909, his total indebtedness was \$1,046.90; and the writ issued on March 2, claiming \$2,140.54 and interest.

The trial judge gave judgment for the plaintiffs with costs. This was an appeal to the divisional court.

JUDGMENT (FALCONBRIDGE, C.J. K.B.; BRITTON and LATCHFORD, J.J.): The defences were:

1. That the defendants were sureties for Living to the knowledge of the bank and are relieved because they received no notice of dishonor and because the binding agreement was made

by the bank for the extension of time.

2. That the note was made without consideration and was endorsed to the bank after maturity.

3. That the note was not discounted with or given as collateral security to the bank, but was merely left for collection by Fox, who subsequently became free of liability to the bank and being, accordingly, the owner of the note, released the defendants by making an agreement for extension of time with the principal debtor.

4. That the consideration for the note as between Fox and Living failed.

5. That the bank having taken the note after maturity, took it subject to any equities which would be good as against Fox.

On the evidence the Court of Appeal held that the first and third defences failed and that the validity of the other grounds of defence turned on the question whether the bank became the holder of the note under such circumstances as to be entitled to claim free from any defence that might be available between the original parties.

On August 12, 1907, the note was left with the bank by Fox and on January 29, 1908, Fox was clear of direct indebtedness to the bank and continued so until March 25. On March 31 Fox was again clear of direct indebtedness to the bank and continued so until April 15. From April 28 forward Fox was always under direct liability to the bank. During these periods, however, Fox was always under what was called "indirect liability," that is, there were outstanding drafts made by Fox upon which he would be liable in case the drafts were dishonored. At the time of the issue of the writ, Fox had again become indebted to the bank in some \$1,000 for notes discounted. On the evidence the Court of Appeal held that the note was endorsed to the bank merely for collection and not as collateral security, emphasizing the manager's statement that Fox was at liberty at any time when not directly indebted to the bank to take out the note and do whatever he chose with it. Had the note been held as collateral security the

bank would have been entitled to retain it as security for payment of the indirect liability. Sec. 54 of the Bills of Exchange Act provides:

"Where value has, at any time, been given for a bill, the holder is deemed to be a holder for value as regards the acceptor and all parties to the bill who became parties prior to such time. (2) Where the holder of a bill has a lien on it, arising either from contract or by implication of law, he is deemed to be a holder for value to the extent of the sum for which he has a lien."

Under the first sub-section, the bank would be entitled to recover, although it had given no value, if Fox had given value; but I do not think the sub-section helps the bank in this case, if the consideration given by Fox had failed before the bank became entitled to hold the note in its own right. When the alleged failure of consideration took place, the bank was a mere indorser for collection, and had given no value, unless sub-sec. 2 can be invoked.

If the bank had held the note as collateral security, it would have had a lien arising from contract, within the sub-section, at any period of the transaction in question, as there was always an indirect liability in existence.

Even as mere endorsee for collection, the bank would have a banker's lien upon the note and would be a holder for value under sub-sec. 2 of sec. 54, so long as its customer was in its debt, i. e., so long as there was a debt presently payable owing by its customer; but, if the note were not pledged as collateral security, the bank could not claim to be a holder for value in respect of a mere liability. (Grant, 6th ed., pp. 89, 306, 215; Hart, 2nd ed., p. 240.)

"No lien arises in respect of an advance of a specified amount made for a definite period until the arrival of the due date, as there is no debt owing till then; nor can the banker retain moneys of the customer against bills discounted by him for the customer, but not yet due, except perhaps in the case of the customer's bankruptcy."

What is the result of the fact that,

subsequent to the alleged failure of consideration between the original parties in July, 1908, Fox's direct indebtedness to the bank was cleared off (in November, 1908)?

If the bank is a holder for value in respect of the indebtedness subsequently arising, it would seem to be on the theory that the note may be regarded as repledged to the bank after it was overdue. Even on this hypothesis, the Chancellor has held that there is no equity attaching to the note, and that the bank may recover. This might be so if it had been proved that the note was deposited prior to maturity as collateral security for a running account, even if there were intervals during which there was no indebtedness; but the bank has failed to prove that at any period the note was deposited as collateral security.

I think that the bank is in no better position than if it took the note for the first time when Fox became again indebted to the bank after November 24, 1908. Immediately prior to that time, it was a mere holder for collection, subject to any defence that might be set up against its customer.

Under sec. 74, the bank may sue in its own name. But its right to recover is that of a holder taking the note when it is overdue. The note then comes to the indorsee "discharged."

"The position of a holder who takes a bill when overdue is this: He is a holder with notice. * * * He is a holder with notice for this reason: he takes a bill which, on the face of it, ought to have got home and to have been paid. He is therefore bound to make two enquiries: (1) Has what ought to have been done really been done, i. e., has the bill in fact been discharged? (2) If not, why not? Is there any equity attaching thereto? i. e., was the "title" of the person who held it at maturity defective? If his title to the instrument was complete, it is immaterial that for some collateral reason, e. g., a set-off, he could not have enforced the bill against some one of the parties liable thereon." (Chalmers, 7th ed., p. 130.)

It is true that no defect of title affecting the note "at its maturity" has been proved under the strict reading of sec. 70, but the section proceeds to declare that thenceforward, i. e., after the negotiation, "no person who takes it can acquire or give a better title than that which had the person from whom he took it."

There is nothing in sec. 70 or sec. 74 prohibiting the setting up of the subsequent failure of consideration, and, in the absence of any clear rule derived

from the language of the Act, we must apply the common law.

The Court then went on to say that it became necessary in its view of the matter to pass upon partnership transaction between Fox and Living, and reviewing the facts the Court decided that Fox had been improperly excluded from the partnership and the consideration of the note failed. They, therefore, allowed the appeal and dismissed the action with costs—BRITTON, J., dissenting.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

UNSIGNED NATIONAL BANK NOTES

CARROLTON, ILL., Nov. 1, 1911.

Editon Bankers Magazine:

SIR: Are national bank notes, when unsigned by president or cashier, good in circulation?

CASHIER.

Answer: The law upon this subject is clear and explicit. The Act of July 28, 1892, provides: "That the provisions of the Revised Statutes of the

United States, providing for the redemption of national bank notes, shall apply to all national bank notes that have been or may be issued to, or received by, any national bank, notwithstanding such notes may have been lost or stolen from the bank and put in circulation without the signature or upon the forged signature of the president or vice-president and cashier." (28 Stat. U. S. 322.) There have been no decisions under the statute.

PRACTICAL BANKING

OPENING A NEW LEDGER

By Edgar G. Alcorn

COMPARATIVELY a few years ago the only system known of keeping the individual accounts in banks was the old three-column balance ledger and the "Boston" ledger. Both of these ledgers were permanently bound volumes, and when one was filled up it was necessary to open a new book and transfer all the names and balances from the old ledger.

Within recent years, however, there has been almost a transformation in bank bookkeeping. Improved and

shorter methods have been introduced. One of the most important is the loose-leaf system of keeping the individual ledger. The greatest value of the loose-leaf ledger lies in the fact that it eliminates the necessity of opening new ledgers and transferring accounts. There are also other advantages which it possesses. In spite of these facts, however, there are still many banks that cling to the old bound ledgers.

These banks are reluctant to give up old and tried methods. They feel that

some of the new and modern methods are inconsistent with conservative banking. Some believe that the loose-leaf ledger is unsafe because it has not as yet stood the test of the courts. Nevertheless, the system is so superior to all others that thousands of banks are willing to "take the chance."

The opening of the individual ledger in a bank is a difficult task. The individual bookkeeper's time in the average bank is usually fully taken up with the daily routine of posting and

and have a custom of opening new ledgers at certain regular periods, usually January first of each year. Even though the old ledger is not filled a new book is opened at these stated periods. It is advisable, however, to use ledgers as large and thick as possible, and yet capable of being properly handled. The longer the book can be made to last the better it is. It not only defers the arduous labor of opening a new ledger, but it is more convenient for reference, etc., as it keeps

	A	E	I	O	U	Y	Totals
A.....	60	100	55	40	25	10	290
B.....	110	140	96	103	80	30	559
C.....	79	93	52	60	24	11	319
Total No. of pages for accts.	249	333	203	203	129	51	1168

FIG. 1

proving his ledger, and although the opening of a ledger requires hours of extra work, it must not interfere with his regular daily transactions. This is possible only by putting in a great deal of time after the usual banking hours. Some bookkeepers have been known to work all night in order to get all the balances transferred from one ledger to another.

Because it is such a tremendous task, bookkeepers hate the idea of opening a new ledger. For this reason they are apt to put it off as long as possible. When they do so the accounts soon begin to "overlap," and when they are thus confused, posting is slower and less accurate. It also makes the ledger present an untidy appearance.

Some banks that use the bound ledger, purchase books only of ordinary size

and have the accounts under one cover extending over longer periods.

OPENING NEW LEDGERS.

When an individual ledger is to be opened the first thing to be done is the "spacing" of the new ledger. In order to properly space the ledger the bookkeeper must approximate the number of pages that are to be assigned to each account from the old ledger. To do this he must go over the accounts carefully in the old ledger and determine how much space each has used within a given time.

Some bookkeepers simply begin by copying the names from the old ledger, approximating the amount of space to be given to each as they go along, and following the order of the accounts in

that ledger. This, however, is a poor method, as the accounts in the new ledger in nine cases out of ten should not follow in the same order as those in the old ledger. The chances are that some accounts have overlapped and many have been crowded into spaces in which they do not logically belong. The pages cannot be apportioned with any degree of accuracy at all when this scheme is used.

Of course in spacing a ledger and entering the names of the depositors, the balances are not forwarded at the same time. The spacing is accomplished and all the names are entered before any of the balances are transferred. The bookkeeper does not attempt to space his ledger and forward all the names in one day. In fact most of them begin about a month before the date set for forwarding the balances to apportion the pages and copy the accounts.

Another method used is to write the names of depositors on slips of paper, with the number of pages to be allotted to each account, and insert each slip in the ledger at the page the account is to occupy. This method, though not entirely satisfactory, is much better than the first. If the spacing does not pan out right under certain letters of the alphabet, the slips may be easily removed and replaced to readjust the apportionment. After the slips are all inserted, the names are copied in the book from them. The location of each following account is determined by the location of the slip in the ledger and the number of pages indicated on the slip.

MAKING ALLOWANCES FOR NEW ACCOUNTS.

In spacing a new ledger, allowance must of course be made for new accounts which are likely to be opened during the life of the ledger. This space should be apportioned as accurately as possible, as a failure to do so is sure to cause the overlapping of the accounts. For instance, suppose the space apportioned to the vowel "i" under A has been filled with new accounts

and a man by the name of Aikins opens an account. This account will then have to be entered under some other vowel in the space probably already apportioned to some other account. This account will consequently run into the account which has been crowded into the space which did not belong to it.

To secure accuracy in the spacing of a new ledger it is necessary to divide and subdivide the ledger; that is, so many pages are first to be apportioned to each letter of the alphabet and each letter is subdivided into vowels, so many pages being given to each vowel. Of course all ledgers should have the vowel index, as with it the accounts can be located with greater ease and dispatch. The index is usually bound in a separate cover from the ledger, as an index in a large cumbersome ledger would be rather inconvenient for reference.

One method used by some banks, which will probably secure the most accurate spacing of the ledger is that outlined by Mr. Claudius B. Patten in his work on "Practical Banking" as follows:

"We should now take the old ledger and ascertain the length of time it has been used and estimate the number of pages each account will require in the new ledger, noting same in pencil in front of the name in the index. After this process has been completed, add the number of pages allowed for the accounts in each vowel, then prepare a diagram like Figure 1, which is prepared on a basis of an A to C, 1,500-page, ledger, and enter the number of pages allowed for each vowel.

"On the diagram shown there is a total of 290 accounts in 'A' divided among the vowels; 'B,' 559; 'C,' 319; making a total of 1,168 open accounts. The footing of the accounts is proven by both vertical and horizontal addition of totals, which should always be done, or one may be thrown out on the general result. Deduct the whole number of pages allowed to the accounts on the index from the total number of pages in the ledger, and you ascertain the number of pages to be distributed among the vowels.

	A	E	I	O	U	V	Totals
A.....	17	28	16	12	7	3	83
B.....	31	40	27	29	23	9	159
C.....	22	26	15	17	7	3	90
Total No. of extra pages..	70	94	58	58	37	15	332

FIG. 2

"In the illustration there are 332 extra pages ($1500 - 1168 = 332$); therefore that number of pages is to be divided equally among the vowels. To find the number of pages to be allotted after each vowel, divide decimally the total of the extra pages allowed for the accounts, as follows: $332 \div 1168 = .2842$. Now multiply this quotient by the total number of pages allowed for each vowel, and the result, as per Figure 2, gives the number of pages to each vowel. These totals are also proved horizontally and vertically, which is of importance. Of course in figuring decimally, one may be obliged on account of fractions, to allot a few extra pages to the larger vowels to make the scheme prove, deducting them from another vowel.

"After you have carefully schemed out the number of pages, as in Form 2, add the total allowed in your estimate to the total of extra pages for 'A,' and the result gives you the page on which that letter should end, in this case page 373. Letter 'B' should commence on the following page and end on page 1091. 'C' should commence on page 1092 and continue to the end of the ledger. After this has been done enter in ink opposite each name in the index the number of the page on which the account is to commence, keeping a tally by adding to the page number the number of pages allowed

for the account in question as per your pencil memoranda. Proceed carefully through the index, proving each vowel by adding the total allowed for that vowel to the previous footing, thus:

Total number of pages allowed for "Aa,"
as per scheme..... 60
(Last "Aa" should be entered on page 60.)
Extra pages allowed for "Aa"..... 17

77

(Therefore the first "Ae" should be on page 78.)

Total number of pages allowed for "Ae"..... 100
(Last "Ae" should be entered on page 177.)
Extra pages allowed for "Ae"..... 28

205

(Consequently the first "Ai" should be on page 206.)

"And thus proceed through the entire index. Any differences should be corrected, and each letter should end on the page previously determined upon."

A chart very similar to the ones just described and represented by Figure 3 is used by some bookkeepers. In the extreme left-hand column are placed the letters of the alphabet, the six following columns are for the vowel subdivisions of each letter. The last column shows the number of pages assigned to each letter. The large figures under each vowel represent the number of pages which are to be assigned to it. The small figures in the upper left-hand corner of each division

show the number of the page upon which the bookkeeper is to begin writing the names under each vowel.

In spacing a ledger the bookkeeper should remember that as a rule the letters of the alphabet requiring the largest number of pages are B, C, H, M, S, and W. The letters U, X, Y, and Z usually require fewer pages than any other letters. In fact it is hardly necessary to subdivide these letters into vowels.

Another suggestion which might be made here that may be of some advantage in spacing the ledger is to enter the letter and vowel on the upper corner of each page to which it belongs. This method practically indexes the ledger all the way through and makes it unnecessary to consult a separate index. It will also assist in posting.

When the bookkeeper has succeeded in spacing his ledger the most important part of the task of opening the new ledger is accomplished. Taking the index or the charts as prepared, he can enter the ledger headings with sufficient assurance that in the end it will figure out right.

After the new ledger has been properly spaced and all the names transferred, the next step is to transfer the balances. Before transferring the balances, however, there will be a number of accounts that have been carried for some time in the old ledger that can be weeded out. Some accounts will perhaps have only a few cents' balance which have been standing for a long period. Some of them may have been dead for months. The balances have been left standing either because the depositor is dead, has moved from the city, or has simply neglected to withdraw it and close the account. When such balances are only a few cents, the bank is usually safe in charging them off and closing the account. These balances may be credited to profit and loss, but of course a proper memorandum should be made of the transaction, so that any time the depositor ask for a statement of the account, the amount could be credited back to his account.

There will be other accounts with larger balances, which perhaps have been opened temporarily for some particular purpose, and although dead, the depositor has neglected to withdraw his balance. Such depositors should be notified to check out the balance so that the account can be closed and a statement rendered.

Some bookkeepers transfer all the balances on the ledger the same day the last posting is made for that day. This is a tremendous task and will probably keep the bookkeeper busy until the "wee hours" of the morning, but it is no doubt the most satisfactory way when completed. Just before transferring the balances to the new ledger it is necessary when this method is pursued to first take off a trial balance of the old ledger. If the trial balance does not come out right every effort is made to find the discrepancy. The balances are very carefully checked over from the ledger at least once, to see that they have been properly copied.

It is not absolutely essential, however, that the trial balance of the old ledger comes out right before the balances are transferred to the new ledger. In fact, in order to accomplish the task within the allotted time it is necessary to begin transferring the accounts as soon as the trial balance is taken off and checked up. As soon as all the accounts are transferred a trial balance is then taken off of the new ledger. If the trial balance of the old ledger does not agree with the trial balance of the new ledger it is of course evidence that the balances have not all been transferred correctly. The quickest way then of finding the error is to check up the trial balances with each other. As soon as the two trial balances are made to agree it is ample proof that the balances have been correctly transferred from the old ledger to the new. This much accomplished, the bookkeeper may then search for the difference which may exist between the trial balances and the balance as shown by the general ledger.

Some bookkeepers do not take a trial

balance off of the old ledger before transferring the balances to the new ledger. They simply transfer the balances to the new ledger and take off a trial balance of that ledger only. The defect of this method, however, is apparent. By this method the only way the bookkeeper has of proving that he has forwarded all the balances correctly is by checking up the trial balance of the new ledger, or the new ledger itself, with the balances on the old ledger. This is not only a more arduous task but takes longer, and even when

done to the accounts in the old ledger that have not been transferred. Under this method the posting is done in two separate ledgers until all the accounts are forwarded. There is a great deal of risk about this, owing to the danger of getting the ledgers confused. For this reason most bookkeepers would not approve of such a method.

There is another method by which only part of the balances are transferred each day, but from the first day any of the balances are transferred the posting is done from that date on the

	A	E	I	O	U	V	Total
A.....	60	100	55	40	25	10	290
B.....	110	140	96	103	80	30	559
C.....	79	93	52	60	24	11	319
Total	249	333	203	203	129	51	1168

FIG. 3

the process is completed is not conclusive proof.

One bookkeeper has a rather unusual method of transferring accounts from the old ledger to the new. He transfers them in sections. That is, one day he will transfer the balances under a certain number of the letters of the alphabet. He takes, say, the balances under A, B, C, and D, the first day, those under E, F, G, and H, the second day, and so on, until all are forwarded. Each section transferred to the new ledger is proven with the corresponding section of the old ledger. As each section is forwarded, no more items are posted to that section on the old ledger. The posting is done to the accounts that have been transferred to the new ledger, while the posting is still

new ledger. For instance, the balances under A, B, C, and D only are transferred. Deposits and checks, however, are posted to the accounts under the remaining letters of the alphabet, just as if the balances had been forwarded from the old ledger. Of course, for the time being the postings cannot be added or deducted from the previous balances, which have not as yet been transferred, and carried to the balance column. As soon as these balances are forwarded, however, the accumulated credits and debits are added or deducted separately from the balance and each balance is forwarded to the balance column. As soon as all the balances are transferred the trial balance must agree with the old ledger.

TRUST COMPANIES

Conducted by Clay Herrick

CHEER UP !

IN all the talk that is going the rounds regarding the effect of the present tendency to more strictly regulate corporations, there is a remarkable lack of appreciation of the possible benefits to be derived from the movement, particularly to security holders. In their own behalf, and acting as fiduciaries, trust companies are among the largest of security holders, and therefore the matter is of special interest to them.

If our corporations are to be more strictly regulated; if their affairs are to be subject to greater and freer publicity; if an excessive injection of aqueous fluid into the stocks is to be prevented, and other possible abuses guarded against; if rates are to be so regulated as to prevent excessive earnings;—what will be the result upon the desirability of their bonds and stocks as investments?

Admitting the possibility of some temporary drawbacks during the period of adjustment, the sober second thought of candid minds will see that the final effect will be beneficial. The essentials of a good investment are the safety of principal, the stability and regularity of income and a ready and fairly uniform marketability. What can more effectively assure safety of principal than free publicity and strict regulation which, though made on behalf of the general public, will as surely guard the interests of the security holder as of the consumer? What is responsible for the growing employment of certified accountants and for the insistence that directors must direct but the recognition on the part of the best business thought that the interest of the security holder is subserved by publicity and by careful regulation by others than those immediately responsible for the management of the corporation's affairs? Why does the intelligent investor now avoid the purchase,

for example, of stocks of banks which are not subject to State supervision, or whose directors are known to be unfamiliar with their affairs?

In the matter of stability and regularity of income, the present movement will contribute much, because after the matter has been thoroughly threshed out, no more interference on the part of the public need be looked for, and in the case of public service corporations at least, the attitude of the public will almost guarantee the regularity of interest or dividends, provided of course the corporation is in position to earn them.

By way of illustration of this, the writer has in mind a public service corporation in one of the large cities of the central States, which after a struggle of some years has been granted franchises based on terms which allow to the stockholders dividends of six per centum on the capital stock as fixed by valuation. The right of the stockholders to this dividend is not questioned, and the company being clearly put in position to earn the income, the return to stockholders is all but guaranteed by the public.

Similar conditions will be worked out as regards railroads and other large corporations. When the public has once passed upon what it regards as a fair return, and has established measures which it believes will prevent the abuses of the past, these corporations will be in position to work out their salvation under known conditions, and, under the specified restrictions, with entire freedom.

The problems for the investor will then be only those of the property value and earning power of the company; which, though not simple, are far less difficult than the present complicated riddles, which involve, in addition to the above, the matters of franchises,

political manipulation, and abuses of management which regulation will largely avoid. It must not be forgotten that the hostility of the public has been caused by, and is directed towards the *abuses*, and not the legitimate operations of corporations. With that fact in mind, it is not difficult to see that when the abuses are removed, and their recurrence provided against, more stable conditions must prevail.

With the safety of principal and the stability of income assured, the marketability of a security will of course take care of itself.

TRUST COMPANIES AND CLEARING HOUSES

THE admission of trust companies to the New York Clearing-House Association last summer has, as was anticipated, promoted similar action on the part of other clearing houses. Four trust companies have recently been admitted to the Cincinnati association for the first time in its history. The matter is being considered in several other cities. In Philadelphia renewed efforts have been made during the past few weeks, and definite action may be taken before this goes to press. The present proposal is to admit trust companies having capital and surplus of at least \$500,000, which would make eligible thirty-eight of the sixty-three trust companies in the city. There are thirty national banks in the association.

In New York City, the sixteen trust companies which are members of the clearing house have been making steady progress, and the new conditions seem to be, on the whole, satisfactory. While there are twenty-six trust companies in the city which are not members of the association, the sixteen which are members represent \$608,000,000 out of a total of \$1,211,000,000 trust company deposits. For the first time in the history of the New York Clearing-House Association, trust company representatives were, at its annual election in October, elected to places on the standing committees. Otto T. Bannard, presi-

dent of the New York Trust Company, is on the clearing-house committee; Clarence H. Kelsey, president of the Title Guarantee & Trust Company, on the conference committee; Benjamin Strong, Jr., vice-president of the Bankers Trust Company, on the nominating committee; Samuel S. Conover, president of the Fidelity Trust Company, on the committee on admissions, and John I. Waterbury, president of the Manhattan Trust Company, on the committee on arbitration.

With trust companies now admitted freely to the clearing houses of New York, Chicago, St. Louis and Cincinnati, and apparently about to be admitted in Philadelphia, similar recognition in other large cities seems not far away.

SUPERVISION IN KENTUCKY

THE Kentucky Bankers' Association, at its convention in October, devoted considerable attention to a bank inspection bill which is to be introduced into the Legislature next January. Provision is made for the establishment of a banking department, with a commissioner, deputy, clerks and examiners. Examinations are to be made of each bank once a year, and twice a year when deemed necessary by the commissioner. Provision is made for reports of condition, as required by the department, not to exceed five each year, except for cause. The association endorsed the bill. In 1910 this state adopted some banking legislation, placing its administration in the hands of the Secretary of State; but the plan has not proved satisfactory.

REGISTRATION OF COMMERCIAL PAPER

THE movement for the registration of commercial paper is making steady progress, and this field for trust company activity is rapidly widening. The Bankers Trust Company, and the

Guaranty Trust Company of New York and the Pennsylvania Company for Insurance on Lives and Granting Annuities, of Philadelphia, are among the leaders in fostering this business, but others throughout the country are making a beginning. The subject was brought before the recent convention of the Minnesota Bankers' Association, and a resolution in favor of the registration was adopted.

It is inevitable that the benefits of the plan will obtain general recognition in the near future. There are indeed some more or less plausible objections urged. That of the concern whose financial condition is such as to make it afraid to reveal the true condition to the banks from whom it would borrow may be dismissed as an argument for rather than against the plan. That based upon the reluctance of perfectly sound concerns to place information where it might be available to their rivals, has far less force to-day than it would have had twenty or even ten

years ago, before the custom of publicity had gained much headway.

On the other hand, the benefits of the system will accrue not only to the creditors and the general public, but to the managers and the stockholders of the concerns whose paper is registered. It is a safeguard against improper borrowing on the part of any officer or officers, as well as against forgery.

BIG FIGURES

NEW YORK CITY now has three trust companies with deposits well over \$100,000,000 each,—the reports for September 29, 1911, giving the Guaranty Trust Company \$161,592,400 aggregate deposits, the Bankers Trust Company \$142,550,600, and the Farmers' Loan & Trust Company \$137,279,800. The Bankers Trust Company has advanced to second place, due to its merger with the Mercantile Trust Company.

SAVINGS BANKS

SAVINGS BANK INSURANCE*

By John F. Tobin

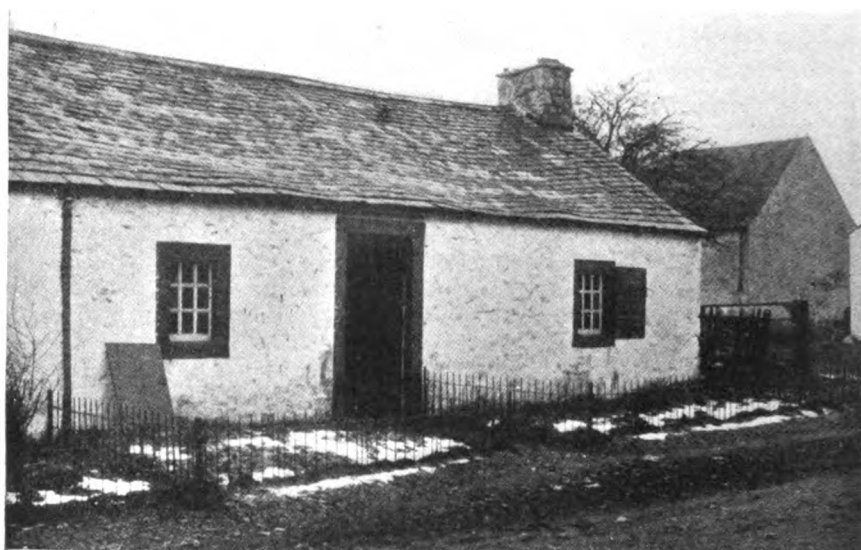
THE subject of the advantages of savings bank insurance for labor unions is going to emphasize strongly the necessity of making provisions such as are contemplated in savings bank life insurance and annuities in determining the cost of living and what is known as fair wages.

I see no reason why the encouragement and promotion of this method of insurance will not, in a great measure, relieve the general public both from taxation and from voluntary contributions to assist those who, by reason of age and the infirmities going with age,

have not been provided for or who have themselves not provided for what is known as the rainy day and have become a public charge.

I believe such insurance will do much to promote thrift and stimulate a desire to provide at least some measure of independence against the infirmities of age because of the inherent human desire to escape the humiliation of being a public charge. It is not the mere amount which may be provided by a savings bank life insurance and annuity policy that should be measured in this connection, but the fact that the practice of such economy as is necessary in

* From the Addison (N. Y.) Advertiser.



THE FIRST SAVINGS BANK

(From a new book, "Dr. Duncan of Ruthwell, Founder of Savings Banks," By His Great Grand-Daughter, Sophy Hall.)

this connection will lead to other economies which will enhance and promote savings against the period of old age, and also that trade union work will embrace this form of insurance as an important and necessary part in the consideration of all questions affecting wages.

I look forward hopefully to the time when the trade union and each of its local branches will become recruiting stations, not alone in Massachusetts, but in other States in the Union, for the promotion of this form of insurance among its membership. The existing machinery in trade unions now having sick, death and other benefits is such as to make the promotion of savings bank life insurance a simple matter and a most effective agency in promoting that spirit of self-help and self-reliance which results from active participation in the work of the labor movement.

While trade union provision for sick, death and other benefits furnishes a reasonable degree of security which may

safely be said to be superior in stability to ordinary life insurance, it is still subject to the vicissitudes that beset trade unions. Savings bank insurance, on the other hand, furnishes all the security and stability of the savings bank, which is surrounded by competent official supervision and legislative protection, wherein the funds of the institutions are invested in selected securities which make them secure against loss.

I believe it is entirely feasible and within the scope of the law for local unions to act as agencies for savings banks in securing membership in its savings bank insurance department. It is not an uncommon practice in trade unions to set aside a portion of the local funds for the payment of benefits to out-of-work members, to sick and destitute members, and I see no reason why funds of the local union might not be applied in the direction of protecting insured members in the payment of their premiums so as to perpetuate the insurance and encourage the member-

ship to take an interest in and become participants in the benefits to be derived from such insurance.

SUGGESTIONS TO EMPLOYEES

LOYAL coöperation on the part of employees is invited in the following manner by J. M. Dinwiddie, cashier of the Cedar Rapids (Iowa) Savings Bank and for many years secretary of the Iowa Bankers' Association:

"Accuracy," "order," "dispatch," and "honesty" must be in his vocabulary and must be his daily practice. He must work and push, not cry and knock. He must believe in the concern he represents, in the statements it makes, in the honesty and fairness of the management, and in his own ability to get results. His to-day must mean to-day, not to-morrow. He must not only actively compete with others, but he must honestly compete, with courtesy, kindness, generosity and good cheer.

He must be able and cheerfully willing to drop his own work at times to assist the management or an associate employee, and especially to meet, wait upon and favor those persons seeking the fulfillment of promises made. He must become competent and cheerfully willing to prepare and draw papers, advise and aid the patron, and to that end he must prepare himself by study of our books, blanks, forms and customs, to be able to do such things on call from a customer or the management, although this may, many times, require his granting active aid to his associates also, in work in which they may fall behind because of their fidelity to management and customer in doing the same thing.

Anything short of ability, and cheerful willingness along with that ability, unfits one for acceptable service, handicaps those who are above him and responsible for results, and renders him a clog and out of

place. Anything short of ability, faithfulness and cheerful willingness on the part of the assistant, may make failure in a management that otherwise might prove remarkably successful, which failure, though chargeable to inefficient support, would be charged to inefficient management, because the management permitted itself to try to make efficient such help as might have been seen to be lacking in the principles that would endorse and practice the sentiments herein expressed.

Could any honorable assistant ask or expect to be allowed to thus clog a management or become a menace to the success he should honestly try to help win?

COST OF SAVINGS BANK INSURANCE

THAT the experiment of furnishing insurance through the savings banks tends to reduce the cost of insurance is the opinion of "Collier's Weekly," which says:

In the cost of living not all the movements are upward. For instance, one necessity that has been largely reduced within the last four years is life insurance for the wage earner. Owing to the agitation of the subject and the competition of the Massachusetts savings bank insurance movement the cost of industrial insurance throughout the United States has been reduced twenty per cent., and this means a saving to the people of over \$20,000,000 a year. Those residents of Massachusetts who have the foresight to apply for savings bank insurance can get their insurance at a rate which is about forty per cent. less on the average than they would have had to pay the industrial companies at any time during the twenty-five years preceding 1907. Or, putting the same thing in another way, the workingman can get for the same amount of money on the average about sixty-four per cent. more insurance than he could before 1907.

INSURANCE FOR WORK PEOPLE

NATIONAL insurance for the working classes has for some fifteen years been in operation in Germany. The Government pays a certain proportion, the employer pays another and the employee contributes his share and it all goes into a fund to be kept under Government control for the benefit of the insured individuals when needed. There is insurance for old age, for disability and for unemployment.

If millions of workpeople are thus insured, although the weekly or monthly premiums paid in are small, in the aggregate they make up an immense sum. The security in insurance is that all the beneficiaries will not call for their money at one time. If they did it would be like a run on a bank. It would break the institution. —*New Orleans Picayune.*

INVESTMENTS

Conducted by Franklin Escher

ELECTRIC RAILWAY SECURITIES

Address of James G. Cannon, President of The Fourth National Bank of New York, delivered before the American Electric Railway Association, at Atlantic City, New Jersey, October 11.

YOU have asked me to present to you to-day the topic of "Electric Railway Securities."

It is not my intention to enter into a technical discussion of the many phases of the subject of electric railway securities, because that is out of my realm, but to discuss as comprehensively as possible, in the limited time at my command, the principal features of the case from a financial standpoint.

The rapid development of electric railways in the United States has been remarkable. The installation of electric power for street railway traction began in 1884 and in 1886 there were eight miles of electric road in operation. Three years later there were eight hundred miles (I speak approximately) with over 28,000 cars in operation. The next ten years witnessed an enormous growth in this direction and in 1899 electric railway mileage had increased to 18,000 miles with 58,000 cars in use. In 1901 the capitalization of these roads totaled over \$2,400,000,000, which was only a foreshadowing of what was to come. In 1910 there were over 40,000 miles of electric railways being operated and the cars in service numbered some 90,000. The capitalization had reached practically four and three-quarter billions of dollars. But the zenith of electric railway development is not yet and the future only will reveal the importance of electricity as a means of transportation.

The capitalization of electric roads has kept pace with, if it has not exceeded, this extraordinary development, and when we contemplate that the amount to-day approaches the five-billion-dollar mark, we begin to have some realization of the importance of the

electric railway industry and its securities.

THE URBAN RAILWAY.

To become more specific in our treatment of the subject, let us consider first the urban railway. This has become a necessity as a result of the rapid growth of our municipalities. A large part of the population of a moderate-sized town, early in its history, lies within walking distance of the business centers, but as the town develops these centers take the place of the former home sites and the suburbs rapidly become the residential sections. The result is that the street-car system is in demand and becomes more and more a necessity to a large number of people. So the transit lines, simultaneously with the cities, find development, and the city systems existing to-day have assumed their present proportions largely as a result of this growth of population and evolution of business. Their improved status at this time, in many cases, is likewise due to the new methods of locomotion, such as the substitution of the cable for the horse car, electricity for the cable and the consequent continual replacing of stock with heavier and more up-to-date types of cars which, in turn, have necessitated a better road equipment as well as rapid changes in machinery and power construction.

THE INTERURBAN LINES.

The suburban road need not be put in a class by itself, for, while often distinct from the urban road and from the real interurban, it may be considered simply as a feeder to city roads, or, as

To Increase Principal and Income

No form of Investment has proven more uniformly Safe and Profitable than the Shares of Gas and Electric Companies. The growth of the lighting business has been and is remarkable, the demand for Service is Constant and varies only to Increase.

The Stocks of the older Companies sell, in many cases, as high or higher than the best Railroad Stocks and are more closely held.

We offer a small block of Participating 5 per cent. Preferred Stock of a large Gas and Electric Company. This Stock has paid regular dividends at the rate of 5 per cent. per annum since July 1, 1907, shows earnings now amounting to more than Three Times the Dividend Requirements and is entitled to share equally with the Common Stock after the Common has received its 5 per cent. dividend.

We Recommend These Shares, as in our opinion a Safe Investment in which there is an unusual opportunity for Increase of Principal and Income.

SPECIAL CIRCULAR ON REQUEST.

A. H. BICKMORE & CO., Bankers

30 Pine Street, New York

some prefer to state, the prototype of the present interurban systems. We shall, therefore, pass from the urban to the modern interurban road, which came in 1895. While characteristically different conditions of construction and operation distinguish the urban from the interurban type, it is perhaps difficult to make a distinct and definite segregation. Generally speaking, however, the interurban road more nearly represents a high-speed passenger electric line usually running on a private right-of-way through the country, connecting towns and communities separated by considerable distances, and carrying express and freight as well as sleeping-cars in a number of instances.

The power to transmit alternating current over long distances has made the interurban road possible. Science has thus given us a new means of transportation by which the village has been brought into closer touch with the small town and the latter in turn linked to the cities. The result has been a happy one for it has made possible, among other things, a larger degree of social culture and business success. It may be said, in passing, that we find to-day nearly all the large electric systems, in the country districts, are in Wisconsin, Indiana, Illinois, Ohio, Pennsylvania and the New England States, which indicates that, as a rule, the conditions necessary to successfully establish interurban networks have been

found in well settled sections where hamlets and towns are within reasonable distance of each other.

Many of the eastern interurban roads have developed from city lines extending in some cases along rural highways but in others along private right-of-way. In the West, however, the interurban lines have been usually planned and built from the start along private right-of-way, and, as ordinarily organized and operated under State railroad laws, are generally vested with the powers and duties usual to steam roads. A scrutiny of the map of the United States impresses us with the fact that the interurban railway is rapidly binding the country together in a way that has never before been possible, and, if we stop to think, it is also helping to eliminate congested sections, thus performing a double service in the solution of social problems.

The problems confronting electric railways, both urban and interurban, are perhaps more varied and difficult of solution than those experienced in any other sort of enterprise. These problems may be classed under the headings of Franchises, Legislation, Rate Regulation, Taxation, Fares, Strikes, Public Demands and Criticisms. I cannot, of course, enter into a detailed discussion of all these different matters at this time and shall only consider a few of the more important.

J. K. Rice, Jr., & Co.

We have good markets in unlisted and inactive securities and respectfully invite inquiries.

Phones 7460 to 7466 Hanover. 33 Wall Street, N. Y.

ELECTRIC RAILWAY SECURITIES FROM AN INVESTMENT STANDPOINT.

In discussing electric railway securities from an investment standpoint, I would give franchises first consideration. This problem to-day bears very closely on the vital questions of depreciation and financing. The tendency now is to limit the time of franchises. It is stated, for instance, that in New Jersey a franchise cannot be obtained for more than forty years and it is only in exceptional cases, such as where the population is limited, that even this period is considered; the usual time is twenty years. It seems to be the consensus of opinion that it is impossible to make proper allowance for depreciation and at the same time work out the finances of a road in twenty years. Thirty years, at least, is considered necessary. Opinions on the matter of franchises, as well as on many others, have been so clearly stated from time to time by electric railway experts eminently fitted to speak on the subjects that I shall not attempt to weary you with an extended discussion along these lines.

We must always bear in mind, however, the two very important questions of the life and character of the franchise. The right-of-way of steam roads is perpetual; that of electric roads is in most cases only temporary. In the latter case, construction and operation are attended by possible loss through the refusal to renew franchises. The situation in Kansas City, Mo., at the present time illustrates this point.

The terms of the franchise are of

large import. It should be determined what they provide respecting fares, transfers and concessions from the company. Moreover, it should be ascertained what provision is being made towards the redemption of the bonds by sinking fund or otherwise. Corporations with perpetual franchises do not meet with the same difficulty as do most of the electric traction companies which contend with the possibility of unrenewable franchises and the growing tendency to limit the time of the same. The importance of an amortization provision, therefore, cannot be over-estimated.

Of consequence also to the investor, particularly in interurban properties, are the questions of the territories served and the prospect of increasing traffic from year to year, together with competition with existing steam roads.

The subject of legislation is ever with us and the many laws enacted each year affecting railroad corporations, both electric and steam, are without number and they, in many instances, severally impair the borrowing capacity of the roads.

By far the most important subject affecting the financial status of electric railway securities is that of rate regulation. Mr. R. P. Stevens, President of the Lehigh Valley Transit Company, said some time since: "Our street railway lines can only charge five cents for passenger fares whether the cost of conducting the line has remained the same or increased one hundred per cent. or two hundred per cent. over that of former years. Meanwhile, all other lines of industry are suffered by public

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sentiment to conduct their business on ordinary lines; that is to say, to adjust the prices of what they have to sell in such a way that their ratio of profit shall not be diminished. There is a wrong in all this sort of thing that must be remedied before the business relations of the country can ever be soundly established." With this view of the subject I heartily concur and it behooves every one connected with this industry to impress upon the people the necessity of fair regulation by public sentiment. I also believe that all public utilities must bear their fair share of taxes but they cannot stand unjust and irregular taxation.

The question of damage suits is an important feature in considering the investment value of electric railway securities, as it is a serious one and cuts sharply into earnings. Because of the fact that street cars run through crowded districts where the public are not fully protected and from the further consideration that there are no regularly constructed stations, it is impossible to guard entirely against accidents and consequent damage suits. Legitimate claims are serious enough, but there is a more dangerous feature of the question. Fake claimants and professional damage lawyers are constantly on the trail of traction companies and necessitate the maintenance of a much larger corps of legal experts than would be necessary under ordinary circumstances.

CAPITALIZATION OF TRACTION COMPANIES.

The capitalization of traction companies consists, of course, of funded

debt and capital stock. The funded debt, in general, is composed of obligations issued in groups, bearing a fixed rate of interest and usually secured by a mortgage on the property of the company. In classifying the funded debt of electric railways the Interstate Commerce Commission gives the following definition:

(1) Mortgage bonds which evidence indebtedness secured by a lien on the road and its franchises.

(2) Income bonds, or bonds which are a lien on earnings only, or which, if a lien on a road and its franchises, can claim payment of interest only when earned.

(3) Miscellaneous obligations, such as collateral trust bonds, etc., which represent indebtedness which is a lien on specified property and therefore distinct from a lien on the road and its franchises.

Bonds known as debentures do not have a fixed meaning, and in general, the term is applied to corporate obligations bearing a fixed rate of interest but which are not secured by mortgage. Sometimes a specific fund or property is pledged by the debentures, in which case, they are usually termed "mortgage debentures."

Five per cent. is the usual rate of interest on bonds of traction companies, and in the matters of redemption and duration, especially in the case of inter-urban roads, the bonds vary somewhat from the usual, generally running from twenty to thirty years.

The capital stock of some of the companies is divided into preferred and common, which, as a rule, differ only in the preference given the former with



The American National Bank

SAN DIEGO, CAL.

Capital	Surplus and Undivided Profits	Deposits
\$100,000	\$100,000	\$1,308,000

L. J. WILDE, Pres.

R. M. POWERS, First Vice-Pres.

C. L. WILLIAMS, Cashier

I. ISAAC IRWIN, Second Vice-Pres.

L. J. RICE, Asst. Cashier

Q A new building, the best equipment, an able and experienced staff of officers and employees—these are some of the things that enable us to give excellent service to customers and correspondents. We are thoroughly familiar with investment opportunities in this prosperous region and cordially invite correspondence in regard to them.

respect to dividends and the distribution of assets in the case of liquidation.

Traction companies are to-day experiencing financially what steam roads passed through years ago, but so far they have not largely benefited from the knowledge gained by years of vicissitudes on the part of the latter. The over-capitalization of the electric industry as a whole, in the past, must be accepted as a fact. The last records obtainable at the present time embracing the whole country are of 1907, and these are furnished by the United States Census Bureau, which issues statistical records every five years. Although somewhat old, the figures permit of a computation which will be of value on the question of capitalization. They are based on the statements of 1,230 operating and lessor companies and are as follows:

Funded debt outstanding.....	\$1,677,063,240
Capital stock outstanding....	2,097,708,856

Total capital liabilities.....	\$3,774,772,096
Less investments in securities and non-railway property....	374,664,197

Net capitalization	\$3,400,107,899
Miles of track	33,893
Net capital liabilities per mile of single track.....	\$100,495
Funded debt per mile of single track	49,566

These are the figures that should be considered as the net capitalization chargeable against the track and equipment of electric railways, although some investments in electric light plants are included. This latter amount, however, is largely offset by additional cap-

ital secured by various companies through the sale of promissory notes, and as it is understood that a considerable portion of the capital thus acquired has been for the purpose of construction and equipment, it should, in such cases, be properly included with the funded debt in the capitalization. This form of financing has obtained more particularly in Massachusetts and has been due probably to the operation of the laws of that State regulating the capitalization of railway companies.

The proper criterion of the valuation against which bonds should be issued is a much debated question, but whether it is believed that capitalization should represent only expenditure in construction, or replacement value, plus the industry's earning power or part of same, there is much significance in the figures quoted and they give us ground for careful thought.

The stocks nearly always represent the capitalization of expectations and can therefore only be considered in connection with earnings. In fact, much of the stock is frequently given as a bonus with bonds to facilitate their sale, and this of itself is evidence of inflation in the capitalization.

In practically every case of corporate activity there are undertakings of good, bad and indifferent caliber. This is true of traction securities, and if investment study is to be of value, it should have regard for the normal conditions of any given enterprise rather than for the general conditions of the industry as a whole. Each company

Miners Bank, Joplin, Mo.

We cordially invite correspondence relative to opportunities and investments, the advantages of Joplin as a manufacturing point, etc. Accounts and collections also invited.

Capital, \$100,000 Surplus, \$100,000 Deposits, \$750,000

with its securities must be judged by its own showing. Municipal and other high class bonds are viewed by investors quite largely in the light of the general excellence of their class, but the value of the securities of traction companies must be determined with respect to the merits of each individual company and without reference to the class as a whole. Any generic treatment must be unsatisfactory and inconclusive.

SOURCES OF INFORMATION ABOUT ELECTRIC RAILWAYS.

The interest of the public in the financing of electric railways, as well as that of other lines, rests largely in the amount of dividends paid or returns the property shows for capital invested. If, however, the investor wants to inquire beyond surface indications he may secure data from banking houses or make his own independent investigation. Should he resort to the former method he will find up-to-date information compiled as a result of careful office analysis, engineers' and auditors' examinations, reinforced by the decisions of legal experts. He must remember, however, that banking houses are frequently interested in the properties and that, fair as they may desire to be, are inclined to be optimistic. If he chooses to make his own investigation he will find that conditions are not likely to favor him. Very few of the companies publish monthly reports, and it may be said without much fear of successful contradiction that the supervision of electric railways by railroad commissions is somewhat perfunctory in a number of States. It may be that the investor will also find available reports are not always as explicit as he might desire, although the

very general adoption of the standard classification of accounts and forms of reports prescribed by the American Street and Interurban Accounting Association has tended very uniformly to improve bookkeeping systems. It is difficult as yet, however, to make fair comparisons of annual results or to determine by analysis whether the revenues of the roads have been charged with proper amounts for maintenance and depreciation. Accountants of reputation believe that upon the present basis of capitalization and earnings, many of our electric railways cannot make adequate charges for the items just mentioned or set aside sufficient amounts for improvement and reserve, and, at the same time, show a reasonable return to investors.

The report of the financial condition of electric railway companies, as furnished by the Census Bureau of 1907 and covering 1,230 operating and lessor companies, is in part as follows:

Preferred stock outstanding, par value	\$320,788,780.
Amount on which dividends were declared	307,718,830.
Amount of non-dividend-paying stock	\$113,069,950.
Amount of dividends paid..	9,524,478.
Average rate per cent. on dividend-paying preferred stock	2.9
Common stock outstanding, par value	\$1,776,920,076.
Amount on which dividends were declared.....	805,210,600.
Amount of non-dividend-paying common stock.....	\$971,709,476.
Amount of dividends paid..	44,960,796.
Average rate per cent. on dividend-paying common stock	5.5

These figures show that nothing was paid on thirty-five per cent. of the preferred shares outstanding and nothing

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FIRST NAT'L BANK BLDG., CINCINNATI, O.

on fifty-four per cent. of the common shares.

Funded debt outstanding...\$1,677,063,240.

Amount of interest paid.... 71,468,788.

Average rate of interest per cent 4.4

The amount of funded debt in default is not quoted but there is sufficient data given from which to draw the conclusion that the industry as a whole is not yet on what might be considered a stable basis.

The history of electric railways is well known and the failures, receiverships and reorganizations which have taken place have tended to discredit securities of this type. At the same time, granting that there are very many undesirable properties in the electric traction field, there are also large numbers of splendidly equipped companies, with unquestionable records for honest capitalization and good earnings. The bonds of these stronger properties, selling on a basis of, say, one per cent. higher than those of steam roads and with a ready market, present an exceedingly attractive form of investment.

With the betterment of the laws directed toward the regulation of public utility corporations, I look forward to a brighter era in the electric railway security situation, but much has yet to be accomplished in the line of the solving of existing problems. It may be that the panacea, so far as urban lines are concerned, will be found in such relations as have, for example, been recently established between the Chicago and Cleveland street railways and their respective municipalities. That remains to be fully demonstrated. Aside from this, many suggestions might be made, but I believe the answer to most of the problems which at present confront electric railways will come largely through the workings of the public ser-

vice commissions, if these bodies are wisely appointed and perform their functions in an equitable manner.

Unquestionably the personnel of these commissions has yet much of a practical nature to learn from the management of railways, but if the commissions and the railroads will work in harmony, with a singleness of purpose for the welfare of the traveling and investing public, in my judgment, we may soon look for a marked improvement in every feature surrounding the traction situation.

CLOSE RELATIONS WITH THE PEOPLE.

If, in the past, electric railway securities have not been considered a prime investment, the managers of traction corporations have themselves largely to blame. As I stated a few moments ago, the traction roads have been a fertile field for the promoter, schemer and professional reorganizer. I want to emphasize the fact that these roads come in contact with and affect the living of more people than any other industry in this country, and the management, in many instances, has failed to realize this. They have also failed to realize that they carry on their lines more voters than do any other means of transportation. They come close to the people, and it has frequently been found impossible for them to pay their interest and fixed charges on their heavy bonded debt and enormous over-capitalization, largely because of the lack of proper consideration for their patrons. The inconvenience to which the public is subjected by short runs and car-ahead shifts, combined with the discourtesy at times accorded passengers, causes dissatisfaction, with the result that the first opportunity is availed of at the polls to shorten fran-

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chises and in any way to seek redress. Electric railway managers complain of the public service commission laws, but they themselves are in a large measure responsible for their enactment. When our public utility corporations conduct themselves so that the people are pleased with the service rendered and believe that their interests are actually being served, these corporations will readily receive approbation and support. Our population is becoming so large and our civilization so complex that any corporation which comes in direct contact with the people can hope to succeed only as it adopts the motto "Service to the People."

Our people, as a whole, are not unreasonable, but are open to conviction

by the proper presentation of facts. I believe that a policy of publicity consistently followed would be of vast help to our railroad administrators and undoubtedly a step toward the solution of some of the present day transportation problems.

When the people can be brought to the point of believing that the management of electric railways is endeavoring to properly serve them and that traction securities represent honest valuations, it will be found that the public will become attracted to this class of investment and that a more general market will thus be created for electric railway securities both here and abroad.

CONFIDENCE IN ADVERTISING

**THIS IS NECESSARY ON THE PART OF BOTH INVESTMENT
ADVERTISERS AND INVESTORS**

By T. D. MacGregor, Author of "Pushing Your Business"

THERE are a number of reasons why investors at large can safely deal with investment houses advertising in standard magazines and reputable newspapers. A few years ago there was a house-cleaning in the high-grade magazines in the matter of the class of advertising admitted to their pages. Especially in connection with investment advertising. As a result, it has now reached a point where the mere fact that an advertisement appears in one of these magazines is in itself, as a rule, evidence that the advertiser and the proposition advertised are entirely worthy of the confidence of readers.

Some of the leading magazines annually refuse many thousands of dollars' worth of advertising offered them because upon investigation the advertisers of their propositions are found to be lacking in the high quality and dependability which the magazines have come to demand in advertisers who use their pages as a means of reaching customers.

PROTECTION TO INVESTORS.

Some of the magazines even go so far as to guarantee their subscribers of record against any financial loss which

they may sustain as a result of doing business with the concerns advertised in the columns of the magazines.

As a result of this high standard maintained, and also because of the greatly increased circulation of the magazines and the additional fact that some of the best of them conduct very valuable investment advice departments, the amount of financial advertising appearing in magazines has increased many hundred per cent. in the past few years. The careful magazines not only censor the advertising copy submitted for any particular advertisement, but they also make a careful study of every piece of follow-up advertising literature which the advertiser sends to persons who answer the advertisement, and they even go so far as to make a first-hand investigation of the entire proposition which is being advertised.

CONTINUOUS ADVERTISING.

One thing which is particularly noticeable about the successful financial advertiser is the fact that he *constantly* keeps the claims of his business before the public.

As a matter of fact, many investment houses have to wait several months at least before their advertising begins to show a profit. The reason being that it takes time to establish a prestige and create a good will for an investment house. This is most effectively done by continuous advertising and making good on promises made in the advertising.

It is not so difficult nowadays, however, for a good investment house to create a market for its securities through advertising, because the get-rich-quick faker has been largely eliminated from competition with the reliable investment banker in the advertising pages of reputable journals.

The consideration of investment advertising from the standpoint of the investor naturally leads to suggestions along this line from the viewpoint of the advertiser. It is apparent, from the facts stated, that the creating of

confidence in the minds of prospective investors is the all-important thing for the investment advertiser to accomplish.

PROPER PUBLICITY.

To be most successful, investment advertising requires:

Expert acquaintance with all the facts relating to the investments offered, thorough knowledge of human nature, and some literary skill—at least the power of effective expression and the ability to handle words as tools.

The character of the investment, and the strength, organization and prestige of the house offering it are important. But, these things being equal, the house that does the best advertising will do the most business.

This has been proved so conclusively by actual results that it may be accepted as an established fact.

It is equally axiomatic that the old-fashioned card announcement style of advertising will not bring results, especially in competition with modern advertising methods which are gradually being introduced by investment advertisers.

Writing investment advertising is particularly hard, because the exigencies of the case require that the advertiser ask the reader to turn over to him a portion of his hard-earned, or, at least, much-cherished, money, possibly without anything immediately tangible in return.

The obvious course for the investment advertiser, then, is to work to inspire two things in the mind of the prospective investor, viz., a strong belief that it will be to his advantage to make the proposed investment, and the utmost confidence in the one offering the investment.

The first step is to make it very clear to the man with money to invest that when he invests wisely he does not part with his money, but merely puts it where it will be safe and work and earn more money for its owner.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to November 20, 1911.]

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad St., New York. (Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	285
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	175	...
Augusta & Savannah A. L. (Cen. of Ga.)	105	109
Beech Creek (N. Y. Central)	90	94
Boston & Lowell (B. & M.)	214	...
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	35
Boston & Albany (N. Y. Cen.)	218	...
Boston & Providence (Old Colony)	296	300
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	160	165
Brooklyn City R. R. (Bk. H. R. R. Co.)	161	165
Camden & Burlington Co. (Penn. E. R.)	130	140
Catawba R. R. (Phila. & Read.)	108	...
Catawissa R. R. 2d pfd.	108	...
Cayuga & Susquehanna (D.L.&W.)	210	215
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	...	...
Christopher & 10th St. R. R. Co. (M. S. R.)	100	120
Cleveland & Pittsburg (Pa. R. R.)	166	169
Cleveland & Pittsburg Betterment	95	100
Columbus & Xenia	302	310
Commercial Union (Com'l C. Co.)	...	...
Commercial Union of Me. (Comm. C. Co.)	...	...
Concord & Montreal (B. & M.)	155	165
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	139	...
Conn. River (B. & M.)	270	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	185	195
Detroit, Hillsdale & S. W. (L. S. & M. S.)	92	96
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	360	...
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erle & Kalamazoo (J. S. & S.)	300	320
Erle & Pittsburg (Penn. R. R.)	132	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	130
Franklin Tel. Co. (West. Union)	35	45
Forty-second St. & G. St. R. R. (Met. St. Ry.)	300	320
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	255	265
Gold & Stock Tel. Co. (W. U.)	110	115
Grand River Valley (Mich. Cent.)	112	118
Hereford Railway (Maine Central)	85	92
Inter. Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	90	96
Jackson, Lans. & Saginaw (M. C.)	82	85
Joliet & Chicago (Chic. & Al.)	150	165
Kalamazoo, Al. & G. Rapids (L. S. & S.)	136	142½
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	72	78
K. C. St. L. & C. pfd. (Chic. & Al.)	110	125
Lake Shore Special (Mich. S. & N. Ind.)	320	340
Little Miami (Penn. R. R.)	309	...
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	168	169
Mine Hill & Schuylkill Hav. (F. & E.)	...	124
Mobile & Birmingham pfd. 4% (So. Ry.)	65	75
Mobile & Ohio (So. Ry.)	77	83
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	168	173
Nashville & Decatur (L. & N.)	130	139
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. Y. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	105	112
N. Y. & Harlem (N. Y. Central)	290	305
N. Y. L. & Western (D. L. & W.)	117	122
Ninth Av. R.R. Co. (M. St. Ry. Co.)	140	150

	Bid.	Asked.
North Carolina R. R. (So. Ry.)	163	167
North Pennsylvania (Phila. & R.)	192	...
North R. R. of N. J. (Eric R. R.)	85	92
Northwestern Telegraph (W. U.)	108	114
Nor. & Wor. pfd. (N.Y.N.H.&H.)	310	...
Ogden Min. R.R. (Cen.R.R.of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	183	191
Oswego & Syracuse (D. L. & W.)	205	215
Pacific & Atlantic Tel. (W. U.)	65	68
Peoria & Bureau Val. (C.R.I.&P.)	170	180
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitta. B. & L. (P. L. E. & C. Co.)	60	70
Pitta. Ft. Wayne & Chic. (Pa.R.R.)	165	169
Pitta. Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitta. & North Adams (B. & A.)	127	134
Pitta. McW'port & Y. (P. & L. E. M. S.)	116	125
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	180	190
Rome, Watertown & O. (N.Y.Cen.)	117	121
Saratoga & Schenectady (D. & H.)	160	...
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	120	130
Southwestern R. R. (Cent. of Ga.)	105	110
Troy & Greenbush (N. Y. Cent.)	160	170
Twenty-third St. R. R. (M. S. R.)	300	350
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	143	146
United N. J. & Canal Co. (Pa.R.R.)	241	244
Valley of New York (D. L. & W.)	117	123
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D. L. & W.)	163	168

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	200	207
American Brass	120	124
American Chile Com.	233	240
American Chile Pfd.	100	105
American Coal Products	95	98
American Express	213	217
American Gas & Electric Com.	60	65
American Gas & Electric Pfd.	43	45
American Stogie Com.	2	5
American Stogie Pfd.	50	70
Babcock & Wilcox	99	102
Borden's Condensed Milk Com.	123½	127
Borden's Condensed Milk Pfd.	106½	108
Bush Terminal	90	100
Childs Restaurant Co. Com.	200	...
Childs Restaurant Co. Pfd.	112	114
Del. Lack. & Western Coal	305	315
E. W. Bliss Com.	75	100
E. W. Bliss Pfd.	120	130
General Motors Com.	39	41
General Motors Pfd.	77	80
Gray National Telautograph	6	9
Hall Signal Com.	8	13
Hudson & Manhattan Com.	14	17
International Nickel Com.	233ex	238ex
International Nickel Pfd.	99½	101
International Silver Pfd.	113	117
Kings Co. E. L. & P.	123	127
Otis Elevator Com.	68	70
Otis Elevator Pfd.	97	99
Pacific Gas & Electric Com.	65	68
Pacific Gas & Electric Pfd.	37	90
Penn. Water & Power	47	52
Phelps, Dodge & Co.	200	210
Pope Mfg. Com.	43	48
Pope Mfg. Pfd.	69	...
Producers Oil	85	100
Royal Baking Powder Com.	193	197
Royal Baking Powder Pfd.	107	109
Safety Car Heating & Lighting	123½	125
Sen Sen Chiclet	116	122
Singer Manufacturing	290	300
Standard Coupler Com.	37	43
Texas & Pacific Coal	96	102

	Bid.	Asked.		Bid.	Asked.
Thompson-Starrett Com.	118	125	Union Typewriter 1st Pfd.	106	110
Thompson-Starrett Com. (with ctf.)	140	150	Union Typewriter 2d Pfd.	99	102
Thompson-Starrett Pfd.	100	110ex	United Cigar Stores ..	250	260
Tri-City Railway & Light Com.	28	31	Virginian Railway ..	18	21
Tri-City Railway & Light Pfd.	93	96	Wells Fargo Express ..	149½	153½
U. S. Express ..	85	89	Western Pacific ..	13	15
U. S. Motor Com.	20	23	Western Power Com.	32	36
U. S. Motor Pfd.	65½	67½	Western Power Pfd.	62	65
Union Typewriter Com.	37	40	Worthington Pump Pfd ..	105	...

SAFE DEPOSIT

ELECTRIC VEHICLES FOR BANKS

THEIR PART IN DEVELOPING SAFE DEPOSIT BUSINESS

By F. Nelson Carle, of The General Vehicle Co.

THE word most emphasized in the dignified announcement of our progressive banks is "service," and speaking as a layman, I should say that banking service is one of the most fertile fields that a bank could possibly fill.

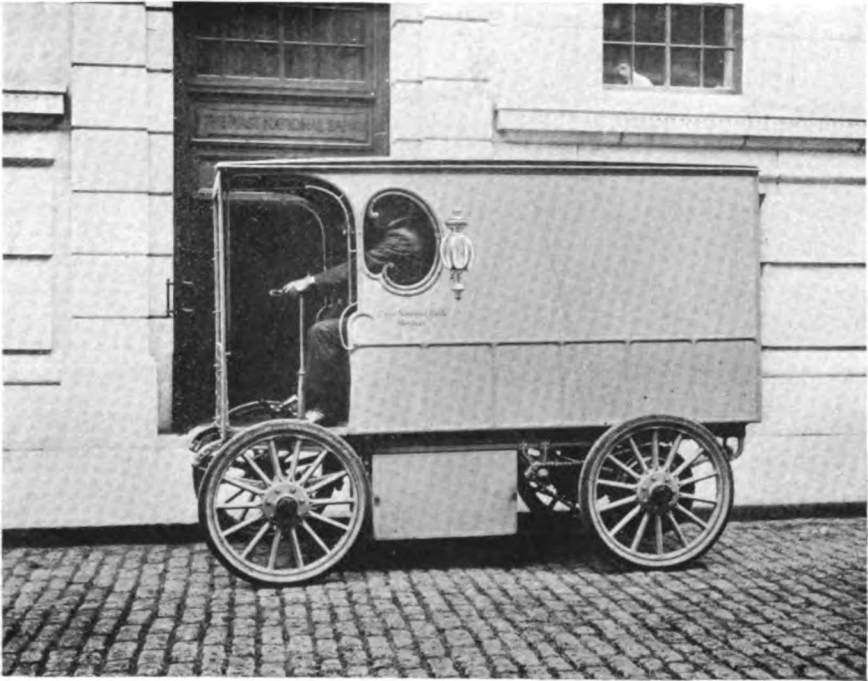
The bank which prides itself on its prompt service for the large merchant,

should not overlook the fact that very many persons still stand in awe of a bank and its wonderful machinery. This being the case, anything which tends to place the bank before them in its true light of servant as well as protector, must rebound to the interest of that institution.

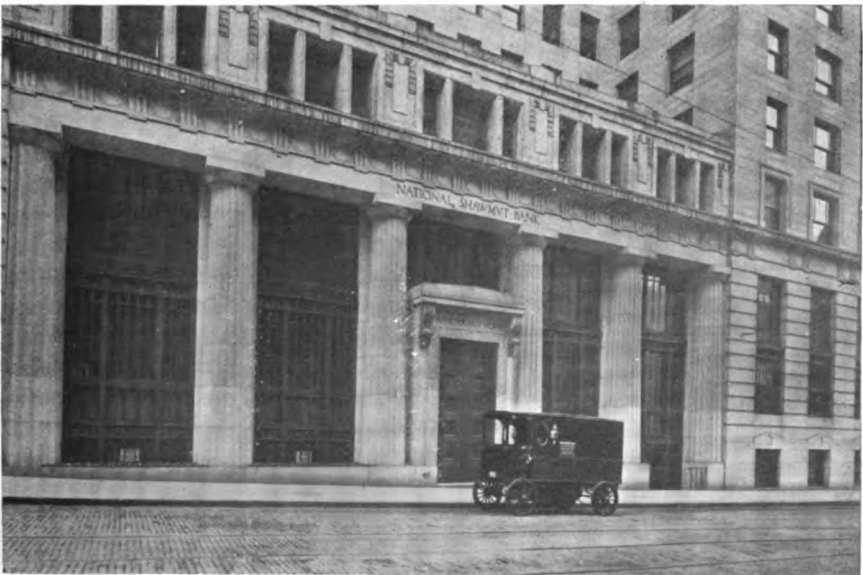
I also venture the suggestion that it would



ARMORED BANK CAR. OPERATED BY THE OLD COLONY TRUST COMPANY OF BOSTON
(By Courtesy General Vehicle Co.)



ELECTRIC AUTOMOBILE OF THE FIRST NATIONAL BANK OF BOSTON
(By Courtesy General Vehicle Co.)

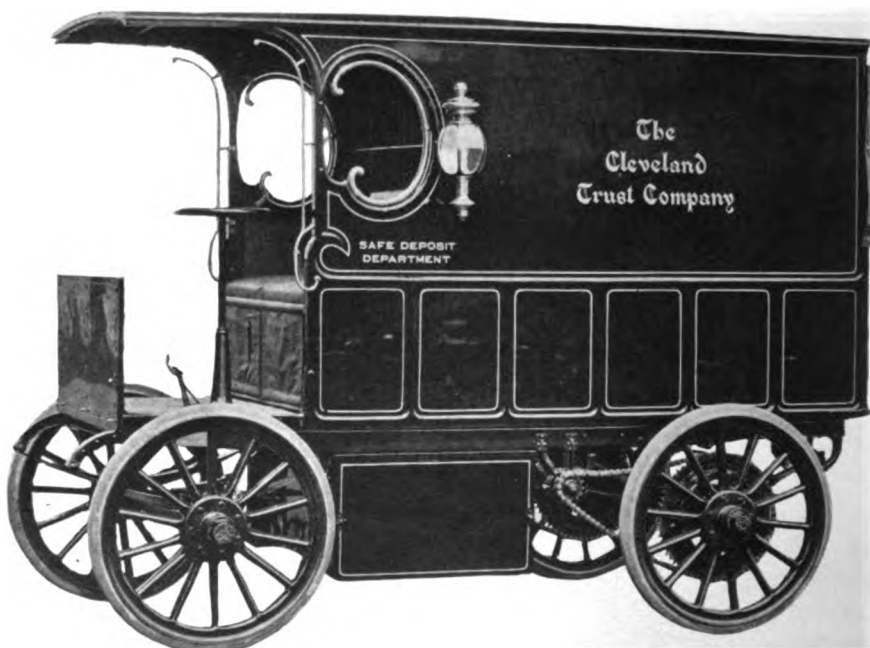


BANK AUTOMOBILE USED BY THE NATIONAL SHAWMUT BANK OF BOSTON
(By Courtesy General Vehicle Co.)

be "good business," as well as a wise policy, to expand this same idea of service into meeting people a little more than half way in securing safe deposit business. We are all prone to be dilatory about protecting valuables, and it ought not to be undignified for a progressive bank or trust company to take a leaf from the book of the storage firms, for example, and offer to send for deeds, insurance papers, silverware, furs, etc. I presume my suggestion is a little ahead of the times, but I certainly feel that the day is coming when a large proportion of banks having safe deposit facilities will do this, and I base my

Then the writer goes on to cite some very interesting developments which are true of other cities as well. How that robberies of bank messengers and the necessity of visiting an increasing number of branch or suburban banks and business houses within the narrow limitations of banking hours in and about Boston meant the employment of either a larger number of messengers or providing carriages or public conveyances for bank employees.

Closed carriages were at first employed, but these horse-drawn vehicles were too slow, so some New England banks took up the matter of the employment of taxicabs



BATTERY DRIVEN CAR, SUCCESSFULLY USED BY THE SAFE DEPOSIT DEPARTMENT OF THE CLEVELAND TRUST COMPANY.

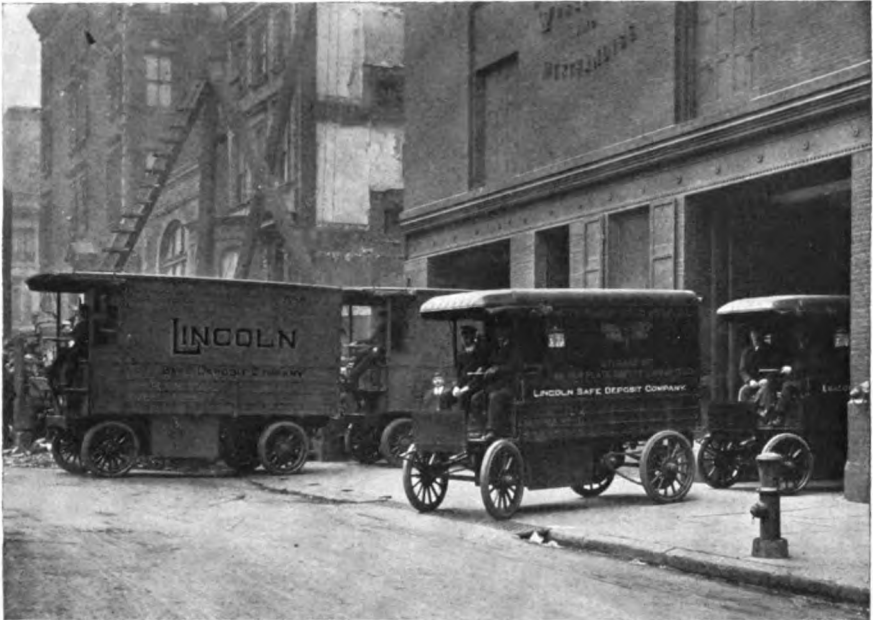
(By Courtesy General Vehicle Co.)

assumption on three facts: First, that the offer of such co-operation would certainly be appreciated, resulting in more business; second, that the motor wagon, and particularly the modern electric vehicle, supplies the bank with an up-to-date, sightly and practical means of transportation for the handling of such business; and third, those banks which have adopted the electric vehicle have found it very satisfactory.

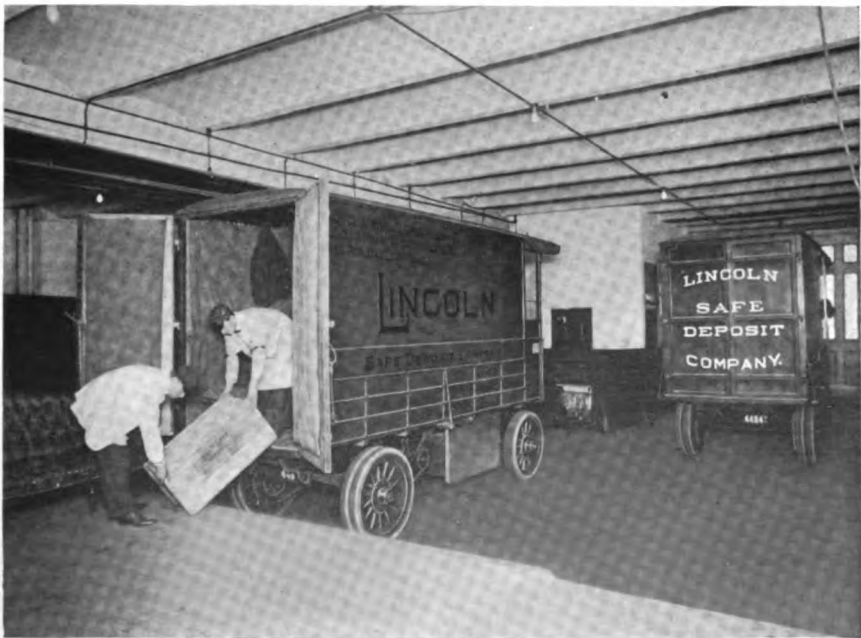
"Bank automobiles," says a leading Boston paper, "mark the culmination of a gradual evolution. Time was, and not so very long ago either, when the financial Mercury, satchel in hand, made all trips afoot or on the street cars, but this plan is now almost obsolete among the more prominent Boston banks."

and later purchased motor cars of their own. The latter were in most cases limousines, many banks at first wishing their closed vehicles to pass as the cars of private citizens; later, however, Boston banks had their autos painted in a distinctive color scheme or emblazoned with the name of the bank served. According to this writer, the banks of conservative Boston are taking the lead in delivery service methods.

The final step in the development of this new banking adjunct, the motor car, came about two years ago in the shape of unique banking wagons, battery driven, and especially designed and constructed for the work involved. These do not differ in outward appearance from the general run of



TYPES OF ELECTRICS USED BY THE LINCOLN SAFE DEPOSIT COMPANY OF NEW YORK. THE LINCOLN MAINTAINS A SERVICE OF TWO WAGONS AND THREE VANS
(By Courtesy General Vehicle Co.)



LOADING ONE OF THE CAPACIOUS VANS OWNED AND OPERATED BY THE LINCOLN SAFE DEPOSIT COMPANY OF NEW YORK
(By Courtesy General Vehicle Co.)

high-class delivery cars such as are used by jewelers and florists, etc., but a peep into the interior reveals the adaptability of the wagon for its special work. Each car is in effect, a portable safe, the body of the car usually being lined with steel; metal lattice work or close-screen mesh have the preference. Eventually, it is thought, sheet steel of light weight may be employed.

Each car usually carries in addition to a driver, two or three guards, either plain clothes men or special policemen in the bank's uniform, and all well armed with automatic guns. As these bank wagons are driven by electricity it would not be surprising if very soon some genius did not use the magic current from the car's batteries to contribute additional protection to the valuables in transit.

Some banks, notably two in Boston, have electric cars still more novel in design, the only means of ingress and egress being at the front of the car. This doing away with the large swinging doors at the rear of the common delivery car is thought to eliminate the danger from sneak thieves and carelessness on the part of employees. Still other banks have armored cars of even more formidable appearance.

I have digressed from my original theme to indicate how general the adoption of the motor car by banks is becoming and to show as well as I may in a single article the sound economical reasons for its adoption.

As regards the safe deposit business and the importance of the electric vehicle in handling same, I feel that in common parlance "the ground has only been scratched" by our banking institutions. It is true that in the largest cities there is brisk competition for this business owing to the activities of the storage warehouse firms, but I can name from personal knowledge at least three cities of 100,000, and one of these near New York, where the field appears to me to be almost wholly neglected by both storage firms and banks, and there must be many more. Assuming this condition, just consider the additional business which awaits the progressive bank.

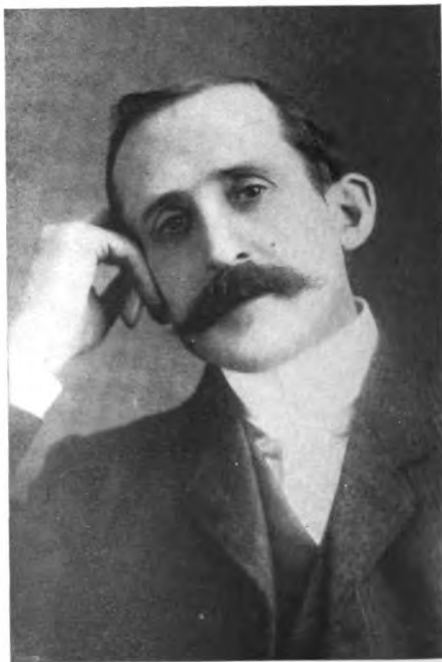
Instead of putting in safe deposit vaults to lie idle, with the exception of the boxes rented by professional men and others with offices near by, it can, by adopting the electric vehicle, and letting the world know of the fact, solicit and secure deeds and insurance papers from the man in the suburbs as well as the city proper, put the factory manager under lasting obligation by delivering his payroll with safety and dispatch, and when the vacation season arrives call for milady's silverware and furs, returning the same promptly as soon after Labor Day as required. This is not a theoretical proposition—other banks and trust companies are demonstrating its practicability every day.

A smart, silent-running, safe deposit wagon is no small advertisement for a bank, particularly in calling at private residences, as here it has much in common with the electric brougham, now so much used by ladies in calling, shopping, etc. The electric has many "human interest" features and these combined with its practicability as a business car, are bound to be recognized by shrewd bank managers in the near future.

Facilities for garaging the electric vehicles are to be found in practically all cities. In fact, it can be cared for by the garage and driven to the bank at a specified hour if desired. The electric offers many advantages over the horse-drawn vehicle in that it is independent of weather conditions and is much speedier. There is no danger from fire or explosion and the absence of noise and dirt do much to commend it to a refined clientele.

THE FIRST BOOK ON SAFE DEPOSIT

"IN THE CAVE OF ALADDIN," by John P. Carter, manager of the Lincoln Safe Deposit Company of New York, is the first book ever written,



JOHN P. CARTER
MANAGER LINCOLN SAFE DEPOSIT COMPANY OF
NEW YORK AND AUTHOR OF A NEW
BOOK ON SAFE DEPOSIT

treating of safe deposit subjects exclusively. In November, 1909, *THE BANKERS MAGAZINE* inaugurated a safe deposit department with an article from Mr. Carter's pen and it is gratifying to see that he has now placed his observations of safe deposit matters in book form.

The first impression of a few safe deposit men may be one of disappointment and vexation that a severely practical book for mere reference is not at hand in this long anticipated volume. But even these will be won over as they recognize the more ambitious scope of Mr. Carter's work, the dignity with which he invests his subject, and the credit the book reflects upon a system hitherto under-estimated by the public. Non-depositors will be impressed by Mr. Carter's painstaking and convincing demonstration of the safe deposit proposition, and depositors will be gratified by the splendid tribute given to the institutional system approved and supported by them.

As a safe deposit book purely and simply, Mr. Carter's output is of practical value, not only as the first to treat exclusively of the safe deposit subject, but as presenting an outline of the history of the system, and of its first association, a summary of the vast financial significance of its New York City institutions, and a clear and detailed exposition of the laws and rules, the forms and conventions of the system, as it deals directly with depositors.

The chapter on "Co-renters, Deputies, Access-Orders, etc.," and on "Safe Deposit Boxes and Wills," would seem to appeal particularly to attorneys and depositor, while the Competition and Valedictory chapters with the historical appendix whose financial table will be a revelation to many, suggest most value to safe deposit circles proper. The remaining chapters are of more numerical information and interest. Mr. Carter has asserted himself modestly and courageously throughout this book.

HENRY HORNBLOWER

THE rise in the world of finance of Henry Hornblower, senior partner in the well-known banking and investment house of Hornblower & Weeks, with principal offices in Boston, has been altogether due to his excellent judgment of men and his close application to business. His recent election as president of the Boston Stock Exchange after having served as a governor and as vice-president of the Exchange, is evidence of the esteem in which he is held by his fellows.

Mr. Hornblower received his grammar school education in the schools of Arlington, Mass., and graduated from the Cotting High School, Arlington, in 1878.

Immediately thereafter he entered upon his banking career as a bookkeeper in the Boston firm of Hornblower & Page. Under his father's guidance the younger Hornblower worked conscientiously to secure a practical knowledge of banking and brokerage.

The present successful firm of Hornblower & Weeks was launched during the summer of 1888, following the death of Mr. Page and the retirement of Mr. Edward T. Hornblower.

At the start the business was conducted in a modest fashion with James J. Phelan, now a member of the firm, as clerk, but from the beginning a high standard of service was adopted.

When the old Boston Stock Exchange building was torn down the firm moved to the Merchants Bank Building, then on Devonshire street, where it remained for five years. Returning to the new Stock Exchange building in 1894, it occupied a large suite of offices on the second floor. Business steadily increased and the firm was obliged to add to its floor space till it occupied a goodly portion of the entire second floor.

The new building which it now occupies was very fully illustrated and described in the September, 1909, issue of the *BANKERS MAGAZINE*.

Mr. Hornblower is associated with the following corporations as a director:

Director of the Atlantic Gulf and West Indies Steamship Lines, trustee of the Boston Suburban Electric Companies, director of the Cape Cod Cranberry Company; director of the Converse Rubber Company, president and director of the Cross Paper Feeder Co., director of the Dorchester Mutual Fire Insurance Co., director of the First National Bank of Arlington, director of the Harmony Mills, director of the Hoosac Mills, director of the International Trust Co., director of the Commonwealth Trust Co., director of the Knickerbocker Portland Cement Co., and director of the Sealship Oyster System.

FOREIGN BANKING AND FINANCE

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FOR the purpose of better serving its American and foreign patrons, The Bankers Publishing Company has established a foreign department, devoted to the following objects:

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II. Furnishing foreign banks, in any part of the world, with news and information about American banks.

III. Supplying information on the banking and financial affairs of any country.

IV. Translating into and from any foreign language all legal, commercial, banking and other papers, documents, books, etc., and conducting correspondence for banks and bankers in all languages.

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EUROPEAN

CONCENTRATION OF GERMAN BANKS

A TRANSLATION of a new and especially prepared edition of Riesser's "The Great German Banks and Their Concentration" has been issued by the National Monetary Commission of the United States.

Dr. Riesser enumerates five great combinations of German financial institutions, each headed by a Berlin "great" bank. The largest of these is the group of the Deutsche Bank, which has a combined capital and surplus of about \$200,000,000. Other groups

are those of the Disconto-gesellschaft, with a capital and surplus of about \$140,000,000; the Dresdner Bank, with \$70,000,000; the Schaaffhausen'scher Bankverein, with \$70,000,000; and the Darmstädter Bank, with \$75,000,000.

Dr. Riesser summarizes the present situation in banking as follows: "Out of a large number of independent banks there have been developed five powerful groups, comprising in all forty-one banks. In this field, however, the process of concentration has by no means yet ended. It will in all probability not stop before it has come nearer its goal than to-day by developing the smallest

BANCO NACIONAL DEL SALVADOR

SAN SALVADOR

Authorized Capital	-	-	-	\$5,000,000
Subscribed Capital	-	-	-	2,000,000
Paid-up Capital	-	-	-	1,000,000

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Dr. Guillermo Mazzini
President Director

G. Hemmeler
Manager

number of bank groups practicable, each embracing the largest possible number of banks. Until the groups of banks shall have reached a point of fairly equal strength, so that each one will respect the other's domains, we cannot look to a halt in the movement of concentration."

Among the advantages of this development, Dr. Riesser enumerates the following: The possibility of carrying out uniform extensive policies; the fact that the administration of the "great" banks is far more subject to control by the press and the public than that of a large number of small banks; and the fact that large banks can be of more aid to the government than small banks. Great banks, on the other hand, themselves derive important business advantages from concentration. Among these advantages are a wider and safer market, an enhancement of credit by an extension of current banking business, the development of an extensive bureau of information, a wide exchange and check business, an elastic credit system, and, finally, an increase of deposit accounts because of the various superior advantages offered to customers. He holds that the future "development in many respects will depend on the degree of sociopolitical insight possessed by the leaders of our great enterprises, the extent to which they appreciate the social duties and obligations that devolve upon them, and the eco-

nomic self-restraint which they will impose upon themselves. All will be well if these leaders possess the necessary caution, knowing that it is not safe to overstrain the bow or overheat the boilers."

In reviewing briefly the history of the Reichsbank, Dr. Riesser concludes that "It must be acknowledged that the regulation of our money circulation and of our system of payments, credit and currency with which that institution has been intrusted, has been in good hands. In particular it may be said that by means of a circumspect discount policy, by opportune and energetic intervention in 1900 as well as in 1907, i. e., during the most critical periods, the bank has been of the greatest aid in preserving the German money market and the entire economic organization from lasting disturbances of the gravest character."

THE ROYAL EXCHANGE, CORNHILL, LONDON

OPPPOSITE the Bank of England, in the angle formed by Threadneedle street and Cornhill, stands the Royal Exchange, the third building of the kind which has occupied the site. The first, founded by Sir Thomas Gresham, and opened by



A VIEW OF THE ROYAL EXCHANGE, CORNHILL.

(From a rare old print published July 1, 1816, and now in the collection of Henry C. Swords, president Fulton Trust Company of New York.)

Queen Elizabeth in 1571, fell a victim to the Great Fire of 1666; and a similar fate overtook its successor in 1839. The present building, designed by Tite, with a fine tympanum representing Commerce, was opened by Queen Victoria in 1844. In front stands an equestrian statue of the Duke of Wellington. The interior is a large quadrangular court, with a tessellated pavement, which formed part of the first building. The colonnades running round the hall have in recent years been decorated with a number of frescoes by distinguished artists. A staircase at the eastern end leads up to Lloyd's, or, more strictly, Lloyd's Subscription Rooms, where obliging "underwriters" will quote a premium for every imaginable form of risk.

EXTENDING THE USE OF CHECKS IN FRANCE

DEALING with this subject the London *Bankers Magazine* says that it is a very significant feature that the Bank of France has circularized its branch man-

agers, urging them to impress upon customers the advantages of using crossed checks. For some time past there has been a strong undercurrent in financial circles in favor of these instruments of payment, and the Chamber has been approached with a view to favoring their employment. Evidently the Bank of France will not wait for assistance from this quarter, but prefers to act on its own initiative in the matter. That there is ample room for further development in the use of checks in France is a well-known fact, and there is no question that the addition of the crossing should take away many objections to their use. However beneficial the accumulation of a large sum of gold may appear to some, the present French system is clumsy compared with that of England. The Bank of France has a note circulation of about 204 millions sterling, as against one of twenty-nine millions on the part of the Bank of England. Yet it is well-known that the latter institution with its circulation finances a much larger turnover than does the Bank of France. The existence of this enormous

Banco de Nuevo Leon

MONTEREY, N. L., MEXICO

ESTABLISHED OCT. 1, 1892

Capital paid up, \$2,000,000

Reserves, \$823,875.00

Deposits, \$3,002,244.00

GENERAL BANKING BUSINESS TRANSACTED

Principal Correspondents:—NEW YORK, National Park Bank, Mechanics & Metals National Bank; LONDON, Dresdner Bank, Credit Lyonnais; BERLIN, Deutsche Bank, Berliner Handels Gesellschaft; PARIS, Credit Lyonnais, Comptoir National d'Escompte; HAMBURG, Deutsche Bank Filiale Hamburg, Commerz und Disconto Bank; MADRID, Banco Hispano Americano, Banco de Castilla; HABANA, Banco de la Habana.

RODOLFO M. GARZA, Manager

ARTURO MANRIQUE, Accountant

AMADOR PAZ, Cashier

note circulation implies a large holding of gold, and no doubt the Bank of France finds some inconvenience in this respect. Thus the note circulation is now £204,800,000 and the holding of gold, £126,000,000; whereas two years ago the circulation stood at £199,000,000 and the holding of gold at £147,000,000. There is no question that a good deal of the gold now held would not be needed if checks were used more freely in France.

ACTUAL CIRCULATION OF THE BANK OF ENGLAND FULLY COVERED BY GOLD

COMMENTING on the amounts of gold held and the notes circulated by the three great banks of Europe, the London *Bankers' Magazine* says:

It has been a stock argument that the bank rate in foreign countries fluctuates less often than in this country, and this has been generally attributed to the much larger reserves of gold held abroad. Practical investigation, however, has hitherto ended here, where in reality it should be but beginning, and, since the cost is the main trouble, the next question seems to be: How can other nations afford to keep such large stocks of bullion, when this country—which is not less wealthy—finds the expense prohibitive? The following few figures, taken from the April number of the *Bankers' Magazine*, when brought together, may help to an answer:

Bank of France:

Cash on hand	£162,000,000
Notes in circulation	212,000,000

Imperial Bank of Germany:

Cash on hand	£56,000,000
Notes in circulation	74,000,000

One feature in common to both banks—the note circulation exceeds the cash by about a fourth, and the practical result is that the interest lost on the amount of bullion held is offset by the interest gained on the amount of notes in circulation, and a very large surplus of profit remains, which more than meets all incidental expenses.

The corresponding figures in the case of this country are:

Bank of England:

Cash on hand	£38,000,000
Notes in circulation	28,000,000

Here it is at once noticeable that the excess is not as before in the notes in circulation, but in the bullion held, so that instead of having a surplus the bank bears a net loss of interest upon no less than £10,000,000. In justice to the Bank of England it may be pointed out to those who are calling for the reduction of its fiduciary limit, that, in practice, the bank does not make any but a bookkeeping use of it (required by the Act of 1844). Its notes in circulation are always more than covered by bullion held. To abolish or reduce the fiduciary limit would not compel the bank to increase its stock of gold by a single pound, and could only further restrict its ability to help in any time of financial crisis. Germany has consistently followed the opposite course, making the fiduciary limit expand in proportion to the increasing commercial and financial requirements of the country.

CHANGE OF LOCATION

THE London branch of the Bank of New South Wales—the oldest banking institution in Australia—is now at Threadneedle street, E. C., instead of Old Broad street. The head office of the bank is at Sydney, N. S. W.

AUSTRALASIAN

SAVINGS BANK OF SOUTH AUSTRALIA

FROM W. B. Poole, manager of the Savings Bank of South Australia, comes the annual balance-sheet, report and returns of that bank for the year ended June 30, 1911.

	No. of Banks.	Capital Paid Up.		Divi- dends to Pay.	Reserve Fund.	Undi- vided Profits.	Total Share- holders' Funds.		Notes in Circu- lation.		Bills in Circu- lation, &c.		Deposits and Other Liabilities.		Total Owing to the Public.		Total Capital and Liabilities.		Coin and Cash Assets.		Govt. and Other Public Securities.		Discounts, Interest, Bills recab in London, Re- mitances in transit, &c.		Bank Pro- perty.		Total Assets.	
		Ordinary.	Prof.	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Mar. 31,																												
1885	26	14,893,196	—	921,555	6,265,970	119,181	22,279,902	5,566,734	11,555,367	104,373,027	121,275,128	143,555,030	22,159,811	5,112,322	114,583,029	3,689,868	143,555,030											
1886	26	15,360,923	—	909,283	6,777,371	225,935	23,273,516	5,684,466	13,043,597	112,252,869	130,991,669	157,818,005	21,166,368	5,075,782	124,537,869	4,359,838	157,818,005											
1887	26	15,542,213	—	940,786	7,249,335	235,982	23,968,416	5,324,766	11,206,843	117,318,569	133,849,589	157,818,005	20,505,566	4,359,732	124,537,869	4,359,838	157,818,005											
1888	26	15,878,002	—	918,986	7,722,560	217,841	24,737,389	5,563,660	12,488,774	125,249,695	143,302,129	168,039,518	28,009,148	5,928,609	129,451,515	4,750,246	168,039,518											
1889	28	16,772,861	—	966,993	7,625,000	298,355	25,663,089	5,673,827	16,698,032	136,601,106	158,975,965	184,639,054	26,018,926	6,323,526	147,002,576	5,294,627	184,639,054											
1890	29	17,497,739	—	1,031,166	8,525,895	350,277	28,044,967	5,554,314	14,765,843	143,561,004	164,181,161	191,586,238	28,507,810	5,875,983	151,845,988	5,518,592	191,586,238											
1891	29	17,815,036	—	963,911	8,789,000	400,806	28,014,961	5,574,761	16,991,183	152,155,644	174,897,588	202,942,549	26,447,064	5,988,950	162,727,287	5,882,660	202,942,549											
1892	28	16,754,991	—	695,404	8,077,000	353,209	24,700,183	5,007,426	14,774,686	151,229,908	171,012,020	195,712,203	27,587,228	7,601,156	154,351,536	6,162,283	195,712,203											
1893	24	15,574,570	—																									
June 30,																												
1874	24	17,334,183	3,322,140	443,170	5,529,185	256,402	26,835,082	4,274,484	13,930,812	134,218,504	152,421,400	179,256,482	29,454,892	4,814,831	138,671,504	6,337,245	179,256,482											
1885	24	18,023,716	3,343,249	331,715	5,181,227	277,943	27,763,850	3,835,229	13,392,363	130,928,063	148,155,655	175,919,505	33,354,028	5,835,372	130,364,632	6,345,473	175,919,505											
1886	22	17,654,417	3,814,074	274,566	5,036,305	341,837	27,111,199	4,063,511	11,246,705	130,886,535	146,202,751	173,313,950	37,220,725	6,355,238	123,476,574	6,261,413	173,313,950											
1887	22	16,319,896	3,815,584	337,458	4,760,152	238,133	25,471,223	4,173,358	13,621,468	127,093,974	144,896,800	170,368,023	32,699,035	9,208,524	121,629,421	6,881,043	170,368,023											
1888	22	16,449,314	3,815,584	373,914	4,923,218	216,677	25,578,707	4,125,095	12,009,477	120,714,000	137,048,572	162,627,279	29,288,697	9,853,067	117,381,619	6,133,806	162,627,279											
1889	22	16,125,375	3,815,584	365,950	5,035,448	251,728	25,594,085	4,350,332	12,598,557	120,632,492	137,569,579	163,163,664	28,384,255	10,543,678	118,104,948	6,130,788	163,163,664											
1890	22	15,975,253	3,815,584	450,189	5,141,409	470,283	25,352,718	4,097,568	13,805,660	127,213,301	145,716,527	170,969,243	33,957,530	12,129,262	116,788,958	6,123,494	170,969,243											
1901	22	14,978,693	3,315,744	525,957	5,390,859	445,770	24,627,023	4,960,615	14,399,537	128,476,688	147,836,940	172,463,863	30,345,853	12,730,479	123,357,840	6,029,691	172,463,863											
1902	22	15,030,408	3,315,744	523,535	5,634,934	632,291	25,156,912	4,918,430	12,426,524	130,359,228	147,704,182	172,661,094	30,331,519	14,018,730	122,561,913	5,948,932	172,661,094											
1903	23	14,024,338	3,315,629	524,730	5,807,163	650,489	24,236,349	4,912,769	13,068,624	130,334,704	148,506,155	172,632,504	31,876,245	14,287,164	120,580,930	5,878,745	172,632,504											
1904	22	13,671,699	3,818,269	561,638	6,097,896	420,865	23,370,167	4,893,898	13,707,329	129,387,284	147,988,051	171,588,668	28,999,097	13,567,936	123,135,029	5,856,606	171,588,668											
1905	22	12,692,333	3,818,689	587,671	6,420,571	461,357	21,890,621	4,639,338	12,477,809	137,719,925	154,836,972	175,817,593	35,108,440	14,077,324	123,826,010	5,805,819	175,817,593											
1906	22	12,798,477	3,818,689	598,540	6,942,899	268,199	24,618,208	4,939,136	16,293,128	144,857,339	166,106,893	190,536,707	46,736,359	11,867,242	126,252,695	5,688,422	190,536,707											
1907	22	13,157,286	3,827,804	603,797	7,653,617	317,195	25,612,308	5,437,074	16,678,729	151,775,295	173,891,098	199,510,307	44,906,359	12,105,563	136,849,065	5,649,322	199,510,307											
1908	22	13,760,764	3,898,734	707,458	8,458,461	403,797	27,139,217	5,286,466	15,748,082	153,911,517	174,946,059	202,106,276	42,570,578	11,204,233	142,706,292	5,624,173	202,106,276											
1909	22	14,111,494	3,814,974	758,716	8,929,404	452,853	23,097,441	5,230,373	14,673,945	156,661,312	176,558,530	204,655,971	43,065,681	12,632,544	143,378,765	5,558,951	204,655,971											
1910	22	14,941,328	3,861,954	791,080	9,592,928	431,227	29,618,517	5,663,802	15,745,264	171,509,960	192,819,026	222,437,543	46,736,359	13,544,684	146,946,454	5,620,332	222,437,543											
1911	22	15,804,508	3,869,944	861,725	10,579,579	371,862	31,490,618	5,517,207	19,030,546	187,891,302	212,439,055	243,929,673	64,824,186	15,580,283	157,848,019	5,727,185	243,929,673											

AUSTRALIAN BANKING FOR TWENTY-SEVEN YEARS, AS SHOWN BY THE BALANCE SHEETS
(From the Australian Insurance and Banking Record)

Mexico City Banking Company, S. A.

AVENIDA SAN FRANCISCO No. 14

Capital and Surplus \$1,000,000

COLLECTIONS AND ALL BANKING MATTERS GIVEN PROMPT AND CAREFUL ATTENTION

During the year covered by the report the number of deposits was 509,556, and the number of repayments, 335,566—the total transactions of the year exceeding last year by 102,383. The average rate of expenses to total funds was 6s. 4-2-5d. per £100.

In the last year, £4,478,646 was deposited and £4,060,160 withdrawn. Depositors' balances at the close of the year were £7,411,710. There were 179,478 depositors on June 30, 1911—an increase of 11,901 over the preceding year.

ASIATIC

BANKING IN JAPAN

(From the Eleventh Financial and Economic Annual of Japan)

THE modern system of banking in Japan dates from the promulgation of the National Banks Regulations in November, 1872. Banks of every description have since then been created in quick succession; and now the financial organs of agriculture, industry, commerce and various other enterprises have been brought into full working order, their actual number being 2,173 at the end of February, 1911. These banks are divided by their nature into two classes, namely, those which have been established under the general banking laws and make it their object to facilitate the general circulation of capital, and those which, having been created under special banking laws, have special objects and functions.

In 1872 the government promulgated the National Banks Regulations, which were modeled on the National Bank Act of the United States of America, and provided for the conversion of the national bank notes into specie. An amendment was made in 1883 in the National Banks Regulations, by which the privilege of issuing notes was taken away from the national banks and granted exclusively to the newly-created Bank of Japan, and suitable measures for the redemption of the national bank notes were taken.

Meanwhile, private banks and bank-like companies which did not come within the purview of the National Banks Regulations had increased in number; until in 1884 their total number reached 954, and there were no general provisions to control such banks and companies beyond their subjection to the control of the local authorities. To bring them under more efficient control the Ordinary Bank Regulations and the Savings Banks Regulations were promulgated in 1890 and put in force three years later.

Ordinary banks are placed under the control of the Minister of Finance, whose license is required for the establishment of a new bank or the amalgamation of existing banks; he is also empowered to order at any time investigation into the business condition and properly of a bank. Every bank must each half year prepare and present to the said minister a balance-sheet and other business reports and publish the balance-sheet in newspapers by other means. Provisions also are made in the regulations with regard to business hours and holidays.

Savings banks, whose business is to take charge of the deposits made by the public at compound interest, must be joint-stock companies. Their directors are jointly under unlimited liability with respect to the obligations of the bank incurred during their term of office, and upon the lapse of full two years after retirement therefrom they are released from such liability.

Savings banks must, as guarantee for repayment of savings deposits, provide themselves with interest-bearing national or local loan bonds corresponding in value to at least one-fourth of the deposits received and place them in the deposit office. If, however, the said guarantee fund reaches an amount equal to at least one-half of the capital, commercial bills and reliable companies' debentures and shares may be used. Any alteration in the articles of association of a savings bank must be previously approved by the Minister of Finance.

When a bank newly receives a sum of less than five yen as a fixed or current deposit, it may be regarded as a bank transacting the business of a savings bank.

In other respects the regulations for ordinary banks are also applicable to savings banks.

ESTABLISHED 1817

BANK of NEW SOUTH WALES

AUSTRALIA

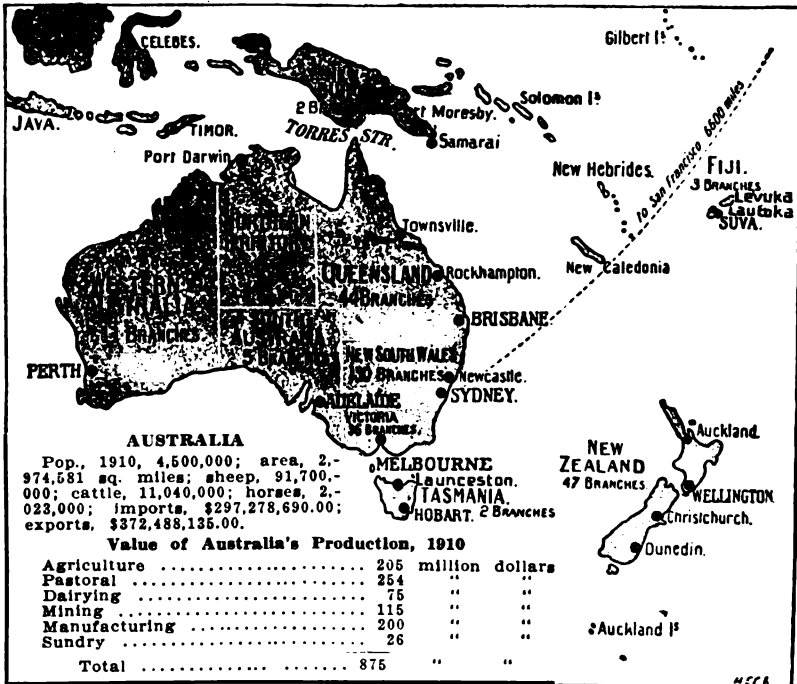
Paid-up Capital	- - -	\$15,000,000
Reserve Fund	- - -	9,850,000
Reserve Liability of Proprietors	- - -	15,000,000
		\$39,850,000



Aggregate Assets, 31st March, 1911 \$229,544,195.00

J. RUSSELL FRENCH, General Manager

330 BRANCHES AND AGENCIES



330 BRANCHES AND AGENCIES

Head Office—George St., Sydney London Office—29 Threadneedle St., E. C.

330 BRANCHES AND AGENCIES

In the Australian States, New Zealand, Fiji and Papua (New Guinea)
 Cable remittances made to and drafts drawn on Foreign Places **DIRECT**.
 Foreign Bills negotiated and collected. Letters of credit and Circular Notes issued.
NEGOTIABLE THROUGHOUT THE WORLD.

The bank collects for and undertakes the agency of other banks and transacts every description of Australian Banking Business

Agents in New York, Standard Bank of South Africa, Ltd., 55 Wall Street

**Agents in San Francisco, Bank of California National Association and
 Anglo and London Paris National Bank**

THESE ARE THREE DEPARTMENTS OF THE **Ca. Bancaria de Fomento y Bienes Raices, de Mexico, S. A.**

REAL ESTATE

This department buys and sells all kinds of land in every part of the Republic—City or Country. Houses bought, sold and constructed. Ranches subdivided into smaller ones.

V. M. Garces, Manager.

PUBLIC WORKS

This department does paying work, makes surveys, constructs sewerage systems, etc. It has improved the Cities of Mexico, Puebla, Guadalajara, Durango and others.

Manuel Elguero, Manager.

BANKING

This department finances the other two departments and does all kinds of business in relation to banking.

Xavier Icaza y Landa, Mgr.

CORRESPONDENCE IS INVITED

Compania Bancaria de Fomento y Bienes Raices, de Mexico, S. A. **MEXICO, D. F.**

President—F. PIMENTEL Y FAGOAGA

1st Vice-Pres.—F. MACEDO

2nd Vice-Pres.—LUIS BARROSO ARIAS

Side by side with these private banks, the national banks acted from the first as financial organs of general trade. When the terms of their respective charters expired, most of them continued business as private banks, and by February, 1899, national banks had ceased to exist, so that there is no longer any difference in economic functions and legal nature between the former national banks and other private banks, all of which are now subject to the general banking laws.

The above statements refer to ordinary banks, but there exist in addition such special banks as mentioned hereunder, each of which was created by special law.

THE BANK OF JAPAN.

The Bank of Japan, the central bank of the country, was established in 1882 as a joint-stock company. Its authorized capital, which was at first yen 10,000,000 (£1,024,275) was increased three times, and now stands at yen 60,000,000 (£6,145,652), of which yen 37,500,000 (£3,841,032) has been paid up.

This bank is privileged to issue bank notes against gold and silver coins and bullion, and further to issue such notes on security of government bonds and treasury bills, and other bonds and commercial bills of a reliable nature, the maximum amount of the latter notes being yen 120,000,000 (£12,291,304) (the limit was until 1890 put at yen 70,000,000) (£7,169,927) and from that year to 1899 at yen 85,000,000 (£8,706,340). In case of necessity, the bank may be allowed to issue notes beyond the maximum above mentioned, which, however, are subject to a tax of at least five per cent. per annum.

The business carried on by the bank is principally (1) to discount or purchase government bills, bills of exchange and commercial bills; (2) to buy or sell gold and silver bullion; (3) to make loans on security of gold and silver coins and bullion (4) to collect bills for banks, companies and merchants, who are its regular customers; (5) to receive deposits and to accept the cus-

tody of articles of value, such as gold, silver and other precious metals, and documents; and (6) to make advances in current accounts or loans for fixed periods on security of government bonds, treasury bills and other bonds and shares guaranteed by the government. The bank is, in addition, entrusted with the management of the treasury receipts and disbursements.

THE YOKOHAMA SPECIE BANK.

The Yokohama Specie Bank was founded in 1880 with an authorized capital of yen 3,000,000 (£307,283), with the object of affording financial facilities in respect of the foreign trade of this country. It was at first supported in various ways by the government; it was, for instance, entrusted with the management of several million yen of the treasury reserve fund, and thus had an ample amount of capital placed at its disposal for discounting foreign bills of exchange. In 1889 such support was withdrawn, and in lieu thereof the Bank of Japan was ordered to rediscount foreign bills of exchange on demand of the Specie Bank to an amount not exceeding yen 15,000,000 (£1,536,413), at the rate of two per cent. per annum. In 1887, when the special ordinance respecting the Specie Bank (Imperial Ordinance No. 29) was promulgated, the capital of the bank was raised to yen 6,000,000 (£614,565). The consequent extension of its business necessitated in the same year a further increase of its capital to yen 12,000,000 (£1,229,130); in 1899 the capital was doubled; and in March, 1911, it was decided at the general meeting of shareholders to double again the capital to the amount of yen 48,000,000 (£4,916,522), and the approval of the Minister of Finance was obtained therefor.

The business carried on by the bank consists of (1) foreign exchange; (2) inland exchange; (3) loans; (4) deposits of money and custody of articles of value; (5) discount and collection of bills of exchange, promissory notes and other securities; and (6) exchange of coins. The bank may also

MEXICAN TITLES

EXAMINED

ABSTRACTED

PERFECTED

**Mexican Companies Organized. Foreign Companies Protocolized
Foreclosures and Reorganizations Managed
Concessions Obtained International Claims Adjusted**

MEXICAN TITLE-MORTGAGE COMPANY

Head Office - MEXICO CITY

Branch - 25 BROAD STREET, N. Y.

If you have land or mining titles in Mexico, you should have them examined and abstracted in English. No matter how long you have held them, there may be fatal defects which our examination would show, but which can be cured—at small expense. It costs nothing to write us for particulars.

buy or sell public bonds, gold and silver bullion and foreign coins, if so required by the condition of its business. It may also be entrusted with matters relating to foreign loans and with the management of public money for international account. Besides, the bank is authorized to issue bank-notes convertible into silver coins in Kwantung Province and China, being under the control of the Minister President of State and the Ministers of State for Foreign Affairs and Finance, with respect to the issue in the former place, and the Ministers of State for Foreign Affairs and Finance, with respect to the issue in the latter place.

THE HYPOTHEC BANK OF JAPAN.

The Hypothec Bank of Japan was created for the purpose of making long-term loans at a low rate of interest on mortgages of immovable property. It was established as a joint-stock company under the Law of the Hypothec Bank of Japan (Law No. 82, 1896), with a capital of yen 10,000,000 (£1,024,275), which was fully paid up in March, 1911.

The business of the bank is principally (1) to make on mortgage of immovable property loans which shall be redeemable by annual instalments within a period not exceeding fifty years, or at a fixed term of not more than five years, provided in the latter

case the total amount of such loans does not exceed one-tenth of the total amount of loans redeemable by annual instalments, and provided, also, that the amount of loans made on security of residential land or buildings, other than sites or buildings belonging to factory foundations or factories, which lie in localities where the City Organization Law is in force or in city land to be designated by Imperial Ordinance shall not exceed one-half of the total amount of the paid-up capital and mortgage debentures issued; (2) to make loans without security to prefectures, districts, cities, towns, villages and other public corporations organized by law; (3) to make loans without security redeemable at a fixed term or by annual instalments in cases of the adjustment of arable land under the law for such adjustment; (4) to make loans without security redeemable within a fixed term or by annual instalments to industrial, fishery or forestry guilds, or associations of such guilds; (5) to take up agricultural and industrial debentures issued by agricultural and industrial banks which have been established in accordance with the Agricultural and Industrial Banks Law; and (6) to take deposits and take custody of gold and silver bullion and negotiable papers, provided, however, that the total amount of deposits shall not exceed the total amount of paid-up capital. Finally, the bank may employ the de-

The Canadian Bank of Commerce

Head Office: Toronto

Established 1867

Mexico City Branch : : Ave. San Francisco, 50

SIR EDMUND WALKER, C. V. O., LL. D., D. C. L., President
ALEXANDER LAIRD, General Manager

Paid-Up Capital, \$10,000,000 Reserve Fund \$8,000,000

Collections in Mexico. The Branch of this Bank in Mexico City has the best of facilities for making collections in all parts of the Republic of Mexico. This department of the business is given prompt and careful attention, and settlements are made at regular minimum rates.

Drawings on Mexico. Arrangements may be made for the issuing of Drafts Money Orders, Letters of Credit and Telegraphic Transfers on the Mexico City branch of this Bank, and instructions may be given for the remittance of money to all points in the interior.

For rates and full particulars enquiries may be addressed to the Head Office of the bank at Toronto, or to the Manager of the Branch in Mexico City.

J. P. BELL, Manager : : : MEXICO CITY, D. F.

posits and the money lying idle in the course of its business in the following manner only: (a) to purchase with a sum equal to not less than one-fourth of the deposits national loan bonds or negotiable papers approved by the Minister of Finance or to deposit it in the deposit section of the Department of Finance or in a bank approved by the Minister of Finance; and (b) to discount bills or make short-term loans on the security of the above-mentioned negotiable papers or agricultural or marine products or industrial manufactures.

The Hypothec Bank is authorized, when at least one-fourth of its nominal capital has been paid up, to issue mortgage debentures to an amount not exceeding ten times its paid-up capital, provided the amount of such debentures shall not exceed the total amount of outstanding loans redeemable by annual instalments and the agricultural and industrial debentures in hand. These debentures may be redeemed with premiums by means of drawings taking place at least twice a year in amounts proportionate to the amount to be redeemed in the same year of the loans redeemable by annual instalments and agricultural and industrial debentures in hand. In case any loans redeemable by annual instalments are repaid before they are due, the bank may with the amount so repaid purchase and redeem its mortgage debentures.

The mortgage debentures have since April, 1907, been issued for the absorption of small funds scattered among the people. The face value of these debentures, formerly twenty yen and upward, is now reduced to ten yen and upward.

THE INDUSTRIAL BANK OF JAPAN.

The Industrial Bank of Japan is a joint-stock company established under the Law of the Industrial Bank of Japan, which was promulgated in March, 1900. Its authorized capital, which was at first yen 10,000,000 (£1,024,275), was raised to yen 17,500,000 (£1,792,482) in February, 1906, by the amendment of the law, of which yen 16,250,000 (£1,664,447) is now paid up. Just as the Hypothec Bank is intended to furnish long, low-interest loans on mortgage of immovable property, so the Industrial Bank makes it its special object to handle bonds and shares of various kinds. While the former is a kind of *crédit foncier*, the latter is a species of *crédit mobilier*.

The business carried on by the Industrial Bank is (1) to make loans on pledges of national and local loan bonds and companies' debentures and shares; (2) to subscribe for or take up national and local loan bonds and companies' debentures; (3) to receive deposits of money and accept the custody of articles of value; (4) to engage in trust busi-

ness; (5) to discount bills; (6) to make loans on security of a foundation created as prescribed by law; and (7) to make call loans or loans for a fixed term on security of sites and buildings belonging to factories or of residential land and buildings lying in localities where the City Organization Law is in force or in city land to be designated by Imperial Ordinance, provided, however, that the total amount of such loans shall not exceed one-half the amount of the paid-up capital. Owing to the defect of law, the trust business was very inactive till March, 1905, when the Law of Trusts for Secured Debentures, and the Railway, Factory and Mining Mortgage Laws were promulgated, and since then this branch of business has made steady progress.

The bank is authorized to issue debentures to an amount not exceeding ten times its paid-up capital, provided, however, the amount of such debentures shall not exceed the total amount of outstanding loans, discounted bills and national and local loan bonds and companies' debentures and shares in hand. Only in the event of funds being required for enterprises for public benefit undertaken in a foreign country may the bank, with the approval of the Minister of Finance, issue debentures irrespective of the above-mentioned restriction.

AGRICULTURAL AND INDUSTRIAL BANK.

The Agricultural and Industrial Banks are local financial organs for furnishing long-term loans at a low rate of interest on security of immovable property, and, being established in every prefecture, are most useful through their connection with their central organ, the Hypothec Bank of Japan.

The Agricultural and Industrial Banks are joint-stock companies established under the Agricultural and Industrial Banks Law of April, 1896, and have each a capital of not less than yen 200,000 (£20,486). Each of these banks has as a general rule for its exclusive business district the whole of Hokkaidō or a prefecture.

The business carried on by Agricultural and Industrial Banks is principally (1) to make on mortgage of immovable property loans which shall be redeemable by annual instalments within a period not exceeding thirty years, or on security of immovable property or fishery rights loans for a fixed term of not more than five years, provided that in the latter case the total amount of such loans does not exceed one-fifth of the total amount of loans redeemable by annual instalments, and that the amount of loans made on security of residential land or buildings, other than sites or buildings belonging to factory foundations or factories, which lie in localities where the City Organization Law is in force or in city land to be designated by Imperial Ordinance shall not exceed one-fourth of the total amount of the paid-up capital and mortgage

debentures issued, but such loans made in localities to be specially designated by Imperial Ordinance may be increased to three-fourths of the total amount of the paid-up capital and mortgage debentures issued; (2) to make similar loans, but without security, to cities, towns, villages and other public corporations organized by law; (3) to make loans without security redeemable at a fixed term of not more than five years to a party of at least twenty persons combined with joint liability, who are engaged in agriculture or industry; (4) to make loans without security redeemable by annual instalments within thirty years or within a fixed term of not more than five years to guilds for the adjustment of arable land in case arable land is to be readjusted under the law for such adjustment; (5) to make loans without security redeemable by annual instalments within a period not exceeding thirty years or at a fixed term of not more than five years to industrial, fishery or forestry guilds, or associations of such guilds; and (6) to take deposits and take custody of gold and silver bullion and negotiable papers, provided, however, that the total amount of deposits other than fixed deposits shall not exceed the amount of paid-up capital. Finally, they may employ the deposits and the money lying idle in the course of their business in the following manner only: (a) to purchase with a sum not less than one-fourth of the deposits national loan bonds or negotiable papers approved by the Minister of Finance or to deposit it in the deposit section of the Department of Finance or in banks approved by the Minister of Finance; and (b) to discount bills or make short-term loans on security of the above-mentioned negotiable papers or agricultural and marine products or industrial manufactures, provided, however, that fixed deposits not included in the amount above referred to and equivalent to not less than one-fourth of the deposits may be employed for making loans redeemable by annual instalments or within a fixed term. They may also take charge of the receipt and disbursement of the funds of their respective prefectures.

The banks are authorized, when at least one-fourth of the nominal capital has been paid up, to issue agricultural and industrial debentures to an amount not exceeding five times the paid-up capital; such debentures, moreover, must not exceed the balance of the total amount of outstanding loans redeemable by annual instalments after deducting therefrom that part thereof which has been given as security for money borrowed from the Hypothec Bank. These agricultural and industrial debentures must be redeemed by means of drawings at least twice a year in amounts proportionate to the amount thereof to be redeemed in the same year.

With the object of aiding these banks in their business in accordance with the provisions of the Agricultural and Industrial

MERCANTILE BANKING COMPANY, Ltd.

Avenida San Francisco No. 12

CITY OF MEXICO

Capital, \$500,000.00

Surplus, \$100,000.00

Members of the American Bankers' Association

GEO. J. McCARTY, President

K. M. VAN ZANDT, Jr., Vice-Pres. & Mgr.

H. C. HEAD, Cashier

SHUR WELCH, Assistant Cashier.

A General Banking Business Transacted

Foreign Exchange Bought and Sold

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Letters of Credit

Unsurpassed collection facilities. Correspondence solicited. Accounts of Banks, Bankers, Merchants and Individuals solicited.

Banks Aid Law of April, 1896, the government delivered in a fixed proportion to the prefectural authorities the funds provided in the budget for taking up the shares of the agricultural and Industrial Banks in the respective business districts over which they exercise jurisdiction.

THE HOKKAIDO COLONIAL BANK.

The Hokkaidō Colonial Bank was established with the object of supplying capital for enterprises for colonizing and exploiting Hokkaidō and Karafuto, and especially for the purpose of facilitating the supply of capital by making loans on security of agricultural products and companies' shares and debentures, as well as by making long-term loans of low interest on immovable property.

The bank was established as a joint-stock company under the law relating thereto, which was promulgated in March, 1899, and has a capital of yen 5,000,000 (£512,138), of which yen 4,000,000 (£409,710) has been paid up.

The business of the bank is (1) to make on security of immovable property loans redeemable by annual instalments within a period not exceeding thirty years or on security of immovable property or fishery rights loans redeemable within a fixed term not exceeding five years; (2) to make loans on pledges of the shares and debentures of joint-stock companies which have for their object the colonization and exploitation of Hokkaidō and Karafuto, and to subscribe for or take up the debentures of such companies; (3) to deal in bills of exchange and documentary bills, and to make loans on security of agricultural products of Hokkaidō and Karafuto; (4) to receive deposits and accept the custody of objects of value; (5) to discount bills accompanied by definite security; (6) to make loans without security redeemable by annual instalments or at a fixed term to public corporations in Hokkaidō; (7) to make loans without security redeemable at a fixed term of not more than five years to a party of at least twenty persons combined with joint liability, who

are engaged in agriculture or industry; (8) to make loans without security redeemable by annual instalments or within a fixed term to industrial, fishery or forestry guilds, or associations of such guilds; (9) to make loans without security redeemable by annual instalments or within a fixed term to guilds for the adjustment of arable land in case arable land is to be readjusted under the law for such adjustment; (10) to discount bills or make short-term loans with the deposits on security of national loan bonds or negotiable instruments which have been approved by the competent minister of state, provided, however, that the amount thereof shall not exceed one-half the total amount of the loans mentioned in (1); and (11) to purchase national or local loan bonds or companies' debentures with money lying idle in the course of its business. The bank is, moreover, permitted, with the approval of the Minister of Finance, to carry on in Karafuto banking business other than those mentioned above.

The bank is authorized to issue debentures to an amount not exceeding five times its paid-up capital; such debentures, moreover, must not exceed the total amount outstanding of the loans on mortgage of immovable property which are redeemable by annual instalments. These debentures must be redeemed by means of drawings at least twice a year in amounts proportionate to the amount of the said loans to be redeemed in the same year.

THE BANK OF TAIWAN.

The Bank of Taiwan was established as a joint-stock company under the Law of the Bank of Taiwan, which was promulgated in March, 1900. It was decided on the 26th of April, 1910, to increase its capital from yen 5,000,000 (£512,138) to yen 10,000,000 (£1,024,275).

The business of the bank is (1) to discount bills of exchange and other commercial bills; (2) to engage in exchange business; (3) to collect bills for merchants who are its regular customers; (4) to make loans on securities of a reliable nature; (5) to re-

ceive deposits and accept overdrafts; (6) to accept the custody of articles of value, such as gold and silver coins, precious metals and documents; (7) to buy or sell gold and silver bullion; (8) to purchase at the convenience of its business national loan bonds, local loan bonds, Hypothec Bank debentures, Agricultural and Industrial Bank debentures or Industrial Bank debentures; and (9) to act as agent for other banks.

The bank is privileged to issue bank notes of one yen and upward, which are at any time convertible into gold yen. It is required to hold as conversion reserve gold and silver coins and bullion of the same amount as the notes issued; the amount of notes not covered by this specie reserve is limited to yen 10,000,000 (£1,024,275); they may be issued on security of government paper money and securities, notes of the Bank of Japan and other bonds and commercial bills of a reliable nature. Notes issued beyond this limit are subject to a tax of not less than five per cent. per annum.

The above are some of the important provisions of the present Law of the Bank of Taiwan, revised in February, 1906. Previous to this, one-yen silver coins were allowed to circulate as legal tender in Taiwan at a ratio to gold fixed by the authorities, and the notes issued by the bank were to be convertible into silver yen. But the fluctuations of the official ratio or silver yen to gold led the people to enter on spec-

ulation, which resulted in so many evils that the currency reform in the island could no longer be delayed. Consequently, the Taiwan Administration Office issued an ordinance in July, 1904, to meet this emergency, which gave permission to the bank to issue notes convertible into gold and put an end to the circulation of the silver yen in Taiwan. Since then the gold notes in circulation have increased to a considerable extent and the silver notes almost disappeared from circulation, so that the Law of the Bank of Taiwan was revised so as to recognize legally the issue of gold notes by the bank, and the unification of the currency system in the island was thus effected.

The banks above described, namely, the Yokohama Specie Bank, the Bank of Japan, the Industrial Bank of Japan, the Agricultural and Industrial Banks, the Hokkaidō Colonial Bank, the Bank of Taiwan and the Hypothec Bank of Japan, are, as has already been described under their respective heads, banks established, each with its own special object, under government protection. While they are subject to more or less restrictions due to the objects for which they were respectively established, they enjoy on the other hand privileges more or less profitable, which amply compensate them for the disadvantage of their limited field of business. They are at the same time under special government control.

LATIN AMERICA

BANKS AND BANKING IN PERU*

THE currency of Peru was successively and variously changed and regulated by laws passed in 1822, 1863, 1872, and 1897, in which last-named year the gold standard was made the basis of the finances of the country. It is believed that this adoption by Peru of what is now the international monetary standard, and the accompanying cessation of the free coinage of silver in the same year, have been of great advantage to the country. Exchange in the leading financial centers of the world has since been normal, reflecting the actual movements of money and credits in the ordinary transactions of business, while foreign capital so essential for the development of the great natural resources of Peru, has been attracted, where it was formerly repelled by an unstable currency.

MONEY IN CIRCULATION—COINAGE.

There is no paper money whatever in Peru. Peruvian gold coins in circulation

include the libra, or pound, which is the monetary unit, and which circulates here equally with the English pound, of which it has the same value, weight, and fineness; the media libra, or half pound, which circulates here equally with the English half pound; and quinto de libra, or fifth of a pound, authorized by a coinage law of December, 1906. (Of the silver coins there are the sol (100 centavos), there being ten soles in a pound; the half sol (fifty centavos); the fifth of a sol, or peseta (twenty centavos); the tenth of a sol, or real (ten centavos); the twentieth of a sol, or medio (five centavos). The copper coins are the two-centavo and the one-centavo pieces.

The national mint during 1910 coined 47,076 libras and 28,915 quintos de libra, having a total value of \$257,238 United States currency. Complaint is made that the quintos, which command a premium, are completely retired from circulation by speculators, and that their coinage is not demanded by the actual needs, but affords an opportunity for withdrawing from the market the value of the foreign money,

* A report of Consul General Wm. H. Robertson, Callao.

which is converted into quintos. It is claimed that an end should be put to such a situation, since the Federal treasury is not compensated for the expenses of coinage, while commerce in general is injured by this decrease of the amount of gold in circulation.

IMPORTS OF GOLD—EXCHANGE.

The importation of foreign gold coin through the port of Callao in 1910 amounted to \$1,902,801, and through the port of Iquitos during only the first six months of 1910, \$325,004, so that, leaving out what might have been exported, it can be estimated that the gold in circulation was increased in 1910 by at least \$2,485,043. The exchange on London at ninety days' sight fluctuated during 1910 between one and one-half and one-half of one per cent. discount; on Paris, between 25.45 and 25.25 francs

official institution that should receive all fiscal deposits and also all cash and valuable articles arising from judicial acts. The bank deals only with Government organizations, and its capital stock of £100,000 (\$486,650) is divided into 50 shares of £2,000 each, and was subscribed by the Banco del Perú y Londres (£40,000), the Banco Italiano (£24,000), the Banco Internacional del Perú (£18,000), and the Banco Popular (£18,000). According to the commercial code of Peru, the holders of these shares are liable only for the values thereof. The rooms of this official bank are used for the Lima Clearing House, and in it the reciprocal obligations of the several banks are liquidated daily.

PROFITS OF BANKS DURING LAST TWO YEARS.

The profits of the banks during 1909 and 1910 are shown in the following table:

Banks.	1909	1910
Banco Alemán Transatlántico	\$63,264	\$68,131
Banco del Perú y Londres	383,922	368,506
Banco Internacional del Perú	36,766	43,993
Banco Italiano	93,870	99,763
Banco Popular del Perú	87,480	91,690
Caja de Ahorros	26,361	21,096
Caja de Depósitos y Consignaciones	70,423	70,073

per Peruvian libra; on Italy, between 25.45 and 25.25 lire; on Spain, between 27.48 and 26.95 pesetas; on Hamburg, between 20.60 and 20.40 marks; and on New York, between \$4.89 and \$4.85.

BANK BALANCES AT CLOSE OF 1910.

At the close of 1910 the several banks of Lima showed considerably increased balances in the accounts current and the deposits actually on hand as compared with those on December 31, 1909. The chief causes of this would seem to have been the uncertainty during 1910 of the international and domestic political situation and the accumulation of funds for paying off the bonds which the Empresas Eléctricas Asociadas was to refund through the loan of £1,200,000 (\$5,839,800) contracted in London in 1910.

The balances for 1910, which are given below, exceeded by \$6,258,206 those that were carried forward by the banks from the former year:

	Balances
Banco Alemán Transatlántico.....	\$6,236,215
Banco del Perú y Londres.....	12,390,946
Banco Internacional del Perú.....	839,564
Banco Italiano	3,059,651
Banco Popular del Perú.....	1,630,010
Caja de Ahorros	2,228,833
Caja de Depósitos y Consignaciones	1,016,198
Total	\$27,401,417

The Caja de Depósitos y Consignaciones is neither a general bank nor a savings bank. It was established by the law of February 11, 1905, which provided for an

SAVINGS BANK—RATES OF INTEREST.

There is only one regular savings bank in Peru (Caja de Ahorros), although all of the banks of Lima receive savings accounts and encourage them in a more or less desultory way. Very little, if anything, has ever been done in this country to educate the people as a whole to lay aside systematically from their savings, and there would seem to be an exceptionally good field among certain classes of this population for such missionary work. Outside of the larger cities and towns, banking facilities of any sort are very poor, and branch savings banks, either private or under postal control, would prove a great advantage and convenience to the nation at large. However, from seventy-five to eighty per cent. of the whole population of the Republic (mostly Indians and half-breeds) would have to be eliminated as possible depositors or clients.

The annual rate of interest paid in Lima and other banking cities and towns is as follows: Current accounts, at the rate of one per cent.; deposits subject to check, two per cent.; time deposits of three months, three per cent.; time deposits of five months, four per cent.; time deposits of nine months, five per cent.; time deposits of twelve months, six per cent.; regular savings accounts, six per cent.; discounting, eight per cent.; loans, eight per cent.; overdrafts on current accounts, ten per cent.

BUSINESS OF LIMA SAVINGS BANK.

The following table gives a statement of the number of accounts and the value of the

BANCO MERCANTIL DE MONTEREY

MONTEREY, N. L., MEXICO

A CORPORATION

Official Depository for the Government of the State of Nuevo Leon

Capital Resources, \$2,500,000. Reserves, \$291,239.06

Manager, MR. JOSE L. GARZA

Cashier, MR. ENRIQUE MIGUEL

Accountant, MR. F. M. de la GARZA

Buys and Sells Domestic and Foreign Drafts. Issues Letters of Credit.

Takes charge of any collections entrusted to it on a moderate rate for commission and remittance.

Buys and sells for account of others, government, municipal, banking and mining stocks and bonds.

Principal Correspondents—National Park Bank and Hanover National Bank, New York; Banco Hispano Americano, Madrid, Spain; Credit Lyonnais, Paris, France; Credit Lyonnais, London, England; Deutsche Bank Filiale Hamburg, Hamburg, Germany.

deposits in the savings, time and checking departments, respectively, of the Lima Savings Bank (Caja de Ahorros) for the years 1907, 1908, 1909 and 1910:

Years.	Savings accounts.		Time deposits.		Checking accounts.		Total.	
	Number.	Value.	Number.	Value.	Number.	Value.	Number.	Value.
1907	12,102	\$1,053,203	486	\$609,679	34	\$92,750	12,622	\$1,755,632
1908	12,449	1,079,725	596	629,666	39	196,583	13,084	1,906,974
1909	12,783	1,068,595	720	758,020	38	180,371	13,541	2,006,986
1910	13,118	1,147,116	880	961,391	39	118,207	14,037	2,226,714

AN AMERICAN BANK IN PERU.

It is believed that the establishment of a strictly American bank in Peru would be an advantage here to trade generally and especially to American trade. It is true that two or three of the largest national banks in New York and two private banks of that city have definite connections and correspondents here already, but that is not what is wanted. There are in Lima an Anglo-Peruvian, an Italian and a German bank, and it is most natural that patriotism should play a large part with these concerns in their dealings with the public in a field where international competition is already very keen. In fact, for American manufacturers and exporters or their Peruvian customers or agents to have to deal through foreign and really hostile banks is a serious detriment to American trade. An American bank would cater more fully to the customs, wishes and interests of its American clients here or at home.

The following is a quotation from the *South American Journal* of London regarding a proposed United States bank for Latin America:

American trade with Latin America has been more handicapped than even most business men realize by the lack of interest shown by American banks in this trade, and by the fact that banking facilities for business between this country and Central and South America are so insufficient. Every now and then one hears rumors or

sees general statements in the papers to the effect that a project to establish a central international American bank, with branches in most, if not all, Latin-American countries, is under consideration. Nothing

has come of it so far but wholesome discussion that may some day bear fruit; but the subject is timely, and the United States must reform its banking dealings with Latin America if it wishes to keep what little respect is still held for it and its business methods in the sister republics.

HOW FIELD COULD BE ENTERED.

While the introduction of a real American bank here would be an advantage in the end to the whole financial situation, bringing in new capital, ideas and methods, it is at the same time realized that it would incur a certain amount of hostility, especially at the outset, and that the Peruvian field for its operations is at best limited. However, it is assumed that such a bank as is suggested would be only one of the branches of a large parent institution doing business all over South America, making its special creation for Peru unnecessary. It would also be better, it is thought, for such a concern to buy out, if possible, one of the smaller local banks already in operation, rather than to introduce an additional competitor into the field, particularly as the former method would carry with it a large part of the staff and clientele of the bank so purchased.

The emphatic demand that now exists for such a venture will be even more imperative when the Panama Canal shall have become a reality, and now is the time of all others for American business men to prepare for

the steady commercial development that cannot help taking place on this west coast from now on. Such a bank, however, must be prepared to do a general banking business, instead of a strictly commercial one, and to adapt itself to a large extent to the rates, credits and customs of the country and of its foreign and domestic competitors already established here.

In spite of the fact that so much capital was lying idle in the Lima banks at the end of 1910, it is noteworthy that in the year in question there were formed 326 companies for industrial and commercial purposes and that capital to the amount of \$3,698,072 was subscribed for these, exceeding by \$383,029 that subscribed for concerns founded in 1909.

URUGUAY AND THE PAN-AMERICAN RAILWAY SYSTEM*

URUGUAY is a country small in area, not quite twice the size of New York State, but large in the importance it has in relation to South American development. Brazil to the north must cross Uruguay to get to the South American metropolis, Buenos Aires. Argentine to the south must use Uruguay's railways to find the shortest route—part rail, part sea—to Europe, England, and the United States, for the port of Pernambuco, Brazil, will some day take an importance as the terminus of a through-rail line from Buenos Aires and as the port of departure for a quick steamship service to the countries north of the Equator. With this in view Brazil is now spending millions upon harbor improvements at this point.

This through railway from Buenos Aires to Pernambuco has therefore something more than a South American significance. It becomes Pan American. In fact, the great system of railways designed to bring about easier communication between the capitals and principal cities of all American Republics may be divided into two systems: (1) The main line following close to the backbone of the continent and connecting Argentina and the westerly Republics with North America through the Isthmus of Panama: (2) the transcontinental line linking up Chile and Argentina with the easterly Republics and thence via steamship line with North America.

That the transcontinental system will be completed long before the main line seems assured. Chile and Argentina have pierced the Andes and Valparaiso sends passengers and freight to Buenos Aires by the completed Transandine Railway. Brazil has pushed her steel highways nearly to the border of Uruguay.

While England and France have poured their capital into the building of these lines, which help to form the Pan American, it seems fitting that the United States should at last step in and complete one link in the chain which goes under the name Pan or All American.

It was left for the little Republic of

Uruguay to bring about this desired result.

She granted to an American Company concessions to build the line from Colonia just opposite Buenos Aires northeast to the San Luis River, a distance of about 365 miles, with a branch of 60 miles to connect with an existing line to the east.



THE TRANS-URUGUAYAN RAILWAY FROM COLONIA TO SAN LUIS.

An additional link in the proposed Pan American Transcontinental Railway. This line, covering a distance of 365 miles, with an eastern connecting branch of 60 miles, is now being constructed by a United States syndicate.

Uruguay has found it good policy to encourage railway building by fair and liberal treatment of capital which ventures into such large undertakings. The Government has confidence in the future of Uruguay and is willing, therefore, to guarantee an interest earning upon a fair capitalization, believing that the country as it develops will make good and produce these earnings and more. Experience has shown such confidence to be well founded, and the existing railways are paying good returns to their shareholders. Uruguay, therefore, felt no hesitation in inviting capital from

* By Señor Don José Richling, Consul General of Uruguay at New York.

her sister Republic north of the Equator to enter the field.

How the invitation was accepted may be learned from an examination of the Uruguayan consular records. During the months of April, May and June, a steady stream of invoices passed through the offices. Thousands of tons of rails, bridge and other structural steel, telegraph poles and wire, fence wire, cement, lumber, passenger cars, freight cars and locomotives left the port of New York headed for Uruguay. From Newport News the Lovisa cleared a good-sized barkentine purchased by the Pan American Transcontinental Railway Co. to help out in carrying railroad ties and lumber. From New Orleans, on June 7, the Wimbledon steamed away, carrying the largest consignment of lumber which ever went out of that port. Over 50,000 ties and over 600,000 feet of yellow pine timber made up her cargo.

All of these things are to help build the first American railway in the River Plata region. Inquiry has developed that the enterprise is one which is backed by business more than by banking interests in the United States. The work has been carried on quickly and steadily. The surveys were completed and submitted to the Government July 15, 1910. The winter and early spring were occupied in arranging for purchase of materials and equipment. Grading was begun at Durazno on March 6. The entire line will be completed within four years.

It seems thus to be destined that Uruguay, of all the South American Republics, shall be first intimately known to United States capital. And as where one's capital is there lies one's interest, it seems not unlikely that Uruguay in its development may feel strongly the influence of American ideas and customs and perhaps be drawn into still closer national sympathy with the people of the United States.

In the physical characteristics of the country Uruguay bears a striking resemblance to parts of the United States. The rolling prairies and many streams of Illinois are there, as, too, is the rich, deep, black soil.

The peaches, grapes and pears of northern Ohio find a natural home in the southerly portions of the country, and the sands of Colonia remind one of the sands of Lake Erie.

If the history of the development of the Middle West be repeated south of the Equator one can see Uruguay well peopled and well plowed, a prosperous country to live in and a fair one to look upon.

In the plans of the railway company the development of the port of Colonia plays an important part. It is understood that here will be established a center of distribution for imports to the River Plata region. Storage warehouses will make it possible for manufacturers to carry at trifling expense large stocks upon which they can call as needed for distribution in the Ar-

gentine or Uruguay or to up-river districts.

The natural depth of the water is such at Colonia as to make this one of the finest of harbors. The largest ocean steamers will be able to discharge their cargoes quickly and cheaply. Natural conditions, in fact, seem to have destined this point for one of the great shipping centers of the River Plata region.

This Pan American Railway has large significance for Uruguay, but it may mean even more for the United States. If it serves, as now seems quite possible, as the introduction of United States capital to this great South American region, and familiarizes United States investors with the sound and stable character of railway enterprise, as it has been and will be developed on this port of the new world, it will have accomplished quite as much for the Republic of the North as for Uruguay, and more perhaps for the general advancement of pan-americanism than for either.

RAILROAD CONTROL IN MEXICO

THERE have been persistent rumors since the recent political disturbances in Mexico, and especially since the retirement of President Diaz, to the effect that private interests were gradually gaining control of the national railroads in that republic. These rumors are now shown to be without foundation, and a fact again made public in this connection should go far toward removing the impression in this country, or wherever else it may exist, that the Mexican Government has exhibited either carelessness or lack of forethought or efficiency in the handling of its affairs.

The reason why the national railroads of Mexico remain in control of the government, and are likely always to remain so, is not hard to find. When Mexico was exploited by railroad builders and investors, the republic granted liberal concessions. It recognized the fact that Americans were good railroad builders and excellent railroad managers, and it was perfectly willing to leave the transportation lines and the development and handling of traffic in their hands. But it had taken the precaution, first of all, to provide against possible misunderstandings in the future. The time might come when American or any other kind of foreign management of the lines would be undesirable, and if that time arrived Mexico wanted to be in a position where it could itself take over the management without causing international ill-feeling or doing anything that might be called in the business world illegitimate or arbitrary. So it reserved to itself fifty-one per cent. of the stock in the railroads, and nothing short of an act of the Mexican Congress can remove any of this stock from the national treasury. It is hardly conceiv-

able that a Mexican Congress, no matter how reckless or corrupt, would invite the popular indignation that would follow a surrender of the control which the possession of this stock insures; even in such an improbable event, ultimate repudiation of the act by the Mexican people would doubtless be sustained by this and other nations.

So that, looking at the matter in any light, Mexico is practically secure in the possession of control over its national transportation lines. These railroads are all showing highly satisfactory gains in business at present. The revolution disturbed traffic comparatively little. Mexico has not reached the point yet where it can safely make full use of the opportunities afforded by control of the roads, but some day, when it is ready, it will be in a far better position to dictate terms or to undertake public operation than either of its great neighbors to the north.

NEW ISSUES OF BANK NOTES FOR PARAGUAY

THE board of directors of the Agricultural Bank of Asuncion, Paraguay, has been authorized to enter into a contract with the American Bank Note Company for printing a new issue of bank notes to the sum of 15,000,000 pesos national currency. The issue will be of the following denominations: 2,000,000 notes of fifty centavos, 1,000,000 of one peso, 500,000 of two pesos, 400,000 of five pesos, 300,000 of ten pesos, 150,000 of twenty pesos, 40,000 of fifty pesos, 10,000 of 100 pesos, 2,500 of 200 pesos and 1,000 of 500 pesos.

FOREIGN BANKS ESTABLISH BRANCHES IN BRAZIL

THE Banque Brésilienne Italo-Belge, of Antwerp, has been authorized to establish a branch at Sao Paulo, Brazil. A Parisian banking association recently organized has been authorized to establish branches at Mococa and S. Jose do Rio Pardo, in the State of Sao Paulo, and at Curitiba, State of Parana. The "Sudameri-

kanische Bank, Actiengesellschaft," of Berlin, will establish a branch at Rio de Janeiro.

LOAN FOR BOGOTA

THE municipality of Bogota has entered into a contract with the banking firm of Myers & Co., of London, for a loan of £600,000, to be devoted to improvements in the capital.

This loan was authorized by a decree of President Restrepo, dated the 19th of April, 1911.

BANK EARNINGS, REPUBLIC OF BOLIVIA, FIRST HALF OF 1911

ACCORDING to the balances of June 30, 1911, the earnings of the banks of the Republic of Bolivia during the first six months of 1911, were as follows: Banco Nacional de Bolivia, 491,362.78 bolivianos; Banco Argandoña, 212,721.36 bolivianos; Banco Industrial, 155,897.78 bolivianos; Banco Mercantil, 121,834.38 bolivianos; Banco Crédito Hipotecario, 58,162.59 bolivianos; Banco Hipotecario Nacional, 50,119.13 bolivianos.

NATIONAL AGRICULTURAL BANK OF ARGENTINA

PRESIDENT SAENZ PENA, of the Argentine Republic, has recently submitted to the Federal Legislature a bill providing for the establishment of a national agricultural bank. The purpose of this, as its name implies, will be the promotion of agriculture and of rural towns by means of agricultural credit.

PROPOSED AGRICULTURAL BANK FOR HAITI

ASYNDIATE of Austrian and Belgian capitalists has submitted a new request to the government for a concession to establish an agricultural and industrial bank, capitalized at 10,000,000 francs, represented by 20,000 shares of 500 francs each.

RECLAMATION IN THE SOUTH

WORK of reclaiming the swamp and other wild lands of the South is progressing with astonishing rapidity. There are many thousands of acres, especially of the swamp land, that only require drainage to make them prepared for cultivation, and once rendered tillable, this land is the most productive and valuable in the country.

Reclamation of this now practically worthless area is becoming an objective of capital, men of means and promoters realizing the rich possibilities that lie beneath the surface of the semi-flooded tracts, and the purchase and drainage of large sections, which will afterward be open to settlement, is now going on.—*Buffalo Commercial*.

BANKING PUBLICITY

Conducted by T. D. MacGregor

CHRISTMAS AND NEW YEAR

HOW BANKS FEATURE THE HOLIDAY SEASON IN ADVERTISING TO GET MORE BUSINESS

THE two groups of newspaper advertisements reproduced in this department show how some banks made use of the holiday spirit in their advertising last year. They may give helpful suggestions to other bankers for this season.

Among a number of holly and mistletoe-bedecked greetings received from banks last year, we quote the wording of a few as follows:

The Officers and Directors of the Superior Savings and Trust Co., Cleveland, desire to extend to you their sincere thanks for the degree to which you have contributed toward the growth of the bank during the past year.

The hope is earnestly entertained that the good cheer of the season may come to you in full measure, and that the new year will be one of greater happiness and broader accomplishment than you have heretofore experienced.

The Bank of Commerce, Cleveland, used a beautifully illuminated quotation from Dickens, as follows:

"It was always said of him, that he knew how to keep Christmas well, if any man alive possessed the knowledge.

"May that be truly said of us, and all of us? And so, as Tiny Tim observed, 'God Bless Us Everyone.'"

On the outside cover were these words:

The Officers and Directors of the Bank of Commerce, National Association, Cleveland, wish you a Merry Christmas and a very prosperous and Happy New Year.

Mr. J. J. Sullivan, president of the Superior Savings & Trust Company of the same city, sent out in very attractive form this greeting:

On behalf of the Officers and Directors of this Bank, I desire to express my sincere appreciation of your friendly interest in contributing toward the growth of the Bank during the year about to close. In passing into the New Year, we shall indulge the hope that the Happiness and Good Cheer of the Holiday Season, will be in keeping with your Golden Expectations.

The United Banking & Savings Company, also of Cleveland, said:

We take this opportunity of suggesting the propriety and fitness of savings accounts as Xmas gifts. However small the amount of such a gift, it leaves the recipient free to make the most desirable use of the money according to his own ideas, and may often prove the foundation of a substantial savings account.

At the same time we desire to express our appreciation of your part in contributing toward the remarkable growth of this bank during the year now nearing an end. We wish you all the happiness and good cheer of the holiday season and hope that the New Year may be one of unparalleled prosperity for you.

Mr. J. S. Calfee, cashier of the Mechanics-American National Bank of St. Louis, sent out this engraved greeting:

We wish you a Merry Christmas and a happy New Year. May Nineteen hundred and eleven hold many good things in store for you. The Mechanics-American National Bank of St. Louis.

"Happy Days and Many" was the title of a holiday card sent out by the Mellon National Bank of Pittsburgh, bearing this simple message:

Mellon National Bank, with Christmas Greetings and Sincere Good Wishes for a Happy and Prosperous New Year.

"Christmas Stocks for Christmas Stockings" was the title of an appropriate folder gotten out at this time last year by the investment banking house of John Muir & Co. of New York.

The Citizens Savings and Trust Company of Cleveland, on a well printed folder, said this:

A well established and popular custom is to open savings accounts at four per cent. interest with this bank and present them to children, relatives or friends as Christmas Gifts. In order to make the gifts attractive, we place the bank books in special holiday envelopes, and, if so requested, we will mail them with your cards to any addresses furnished, so that they will be received on Christmas Morning.

Deposits of one dollar and upward solicited. You can bank safely and conveniently by mail. Send for booklet.

The Berkeley (Cal.) Bank of Savings & Trust Company said:

A Gift Worth While for Christmas is a Bank Book, made out in the name of your wife or child. Present it to them Christmas morning and add a few words on thrift and independence.

In their old age they will remember the fact that you started them right.

This bank is pleased to open these accounts for one dollar or more.

The Houston (Tex.) National Exchange Bank said:

The Christmas Shopping is always done in a time when you are in a hurry. There seem to be so many things to be bought and prepared for the happy day that you have scarcely time to think.

So it is when misfortune or financial trouble comes; everything else seems to go into the background save the one difficulty.

A savings account is always the friend you need in such conditions. Financial troubles vanish when the savings account is brought into practice.

We pay four per cent. on savings accounts.

Some very valuable suggestions along the line of Christmas souvenirs were given by Mr. George K. Reed of Pittsburgh in a recent article in "The Novelty News." In part, he said:

The time that a majority of banks use souvenirs is at the holidays.

Most of the benefit of such advertising is lost for two reasons.

First—The souvenir is not wisely chosen.

Second—The plan of distribution is wrong.

Choice of Souvenirs.

If yours is a small appropriation and you cannot afford to spend a large amount of money, the wisest thing for you to do is to get something "different."

Two banks buy calendars for Christmas. One spends say, twenty-five cents, and gets a handsome calendar. The other spends ten cents and gets an inferior one.

What is the result? The public wants the good calendar. It gets the place on the wall and the inferior one goes into the scrap basket.

The man buying the ten-cent calendar has simply wasted most of his money and lost the effect of his advertising.

Remember, I am talking of savings banks, and the mass of people who make our savings banks are from the humble classes who are very critical and who are influenced by small things.

You say you couldn't afford the twenty-five cent calendar. Well, then, why subject yourself to the danger of comparison and eventual loss of all value which should be derived from the advertising? Do you have to buy a calendar? Why, it is the easiest thing in the world to find out what your chief competitors intend doing. If the twenty-five cent bank is going to buy calendars, the ten cent bank had better drop the calendar proposition and get something else.

There are thousands of useful and entirely new novelties which you can use and which will relieve you of the hurtful comparison.

But you say you want a calendar. All right, get a different sort from your twenty-five cent competitor. There are as many different kinds of calendars as there are companies manufacturing them, and their name is legion.

Make this your rule in the souvenir game—"Be absolutely unique." It will save you money, for you don't have to compete and it will advertise, for it will cause comment and will brand you with the public as "up-to-date," or maybe "ahead-of-date."

Another point in this connection is that if you are distributing souvenirs to customers only, don't get one thing for your big customers and another for your small ones. Buy something which you can afford to give to all. Big depositors don't get excited if they don't get the best you are giving. In fact, don't care much if they get nothing. But your small depositors do care and are exceedingly touchy on discrimination.

This is even more noticeable if you are giving out souvenirs to the public. If you give to one, give to all. You can't discriminate except on age. One sore head can counteract the work of ten friends.

Don't give diamond rings and gold-headed canes to one dollar savings accounts. You may find it will not pay. In short, measure the business you are going after and use the shot that suits the game.

Distribution.

What are you giving souvenirs for? Is it to get new business, or are you a philanthropist? It is ten to one that you are charging the expense to advertising—hence your object must be to get new business.

Now it is the one sure thing in savings bank advertising that if you can get the public into your bank, you will have taken the most important step toward getting their business. For several reasons is this true. It teaches your location. It makes a mental picture on their mind, so that the name of your bank wherever seen by them means more than a name. It gets you into

use them. If you send a notice, you have accomplished the purpose of showing that you have not forgotten them. If they do not want what you offer, you have that many more for others who do.

Souvenirs can be purchased which will act in the capacity of souvenir and actual account producer. The one that I have noted as being of

most unusual value is a little bank for dimes, called the Watch Dime Bank from its resemblance to a watch, which has been used by a large city trust company with wonderful results.

Souvenirs, intelligently purchased and carefully distributed at your bank, are one of the most useful resources of the bank advertiser.



HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Bay State Trust Company of Boston advertises this special service:

In addition to complete banking facilities the following conveniences are at the disposal of our customers: Boston News Bureau (hourly bulletins); Real Estate Atlas, City of Boston; Assessed Valuation Book, City of Boston; Government Weather Report; Barometer; Time Tables; U. S. Mail Box; Public Telephone (free); Reading and Writing Rooms for Ladies; Checking of Bundles; Public Carriage Stand and Taxi Service; Blue Book, Atlases and Directories; Messenger Service (District). Quotations on stocks, bonds and real estate trust stocks.

Mr. James H. Griffith of the Fidelity Trust Company of New York sends us some good advertising matter of his institution. One of the most valuable ideas is a card containing important information relating to personal, water and real estate taxes of New York City.

Mr. Charles W. Knoop, cashier Black Hawk National Bank, Waterloo, Iowa, writes:

Noticing that you reproduce bank advertisements from time to time and publish same in your valued magazine with comments, we beg to enclose copy of one of our advertisements printed in a banker's publication, and intended to solicit bank accounts rather than local commercial and savings business.

I would be pleased indeed to have you criticize or comment on the advertisement at your convenience.

We use the bow and arrows on practically all of our stationery, checks, etc., thinking that they harmonize nicely with the Indian name "Chief Black Hawk." The name "Black Hawk" has considerable local significance, the famous Indian chief Black Hawk formerly living in this part of Iowa. Black Hawk County was named after him.

Thanking you in anticipation of such comments as you see fit to give us and awaiting with interest your criticism of the advertisement.

Our answer follows:

We can't say that we like the appearance of this ad. Those arrows going round and round kind of give one the "willies," if there is any such thing.

We should think a better trademark emblem for your bank would be a portrait of Black Hawk him-

BLACK HAWK

NATIONAL BANK

CAPITAL AND SURPLUS
\$250,000.00

F. F. McELHINNEY, Pres.
DR. F. W. POWERS, Vice Pres.
CHAS. W. KNOOP, Cashier

"The Bank of Stability and Progress"

Waterloo, Iowa

3 PER CENT ON BALANCES for reserve of banks is paid by this bank, which it is enabled to safely pay by reason of its location in a thriving industrial center.

Our organization and equipment embraces the latest and best methods of transacting all branches of the banking business. Correspondence or a personal interview with bankers solicited.

MIGHT BE IMPROVED

self or at least an Indian's head to represent him. We like the bow and crossed arrows on your letter-head but think the portrait idea would be better. We think a headline reading "3% ON BANKS' RESERVES" and the name of your bank at the bottom instead of the top would be an improvement. The copy in the ad. is O. K., but it needs a little rearranging to make it more appealing.

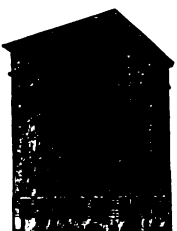
This bank also sent a sample of a sanitary paper drinking cup which it distributed last summer. Advertising matter of the bank appeared on the outside of it, one sentence being, "This bank furnishes every security and protection to your money as this sanitary cup does to your health."

Mr. C. L. Glenn, advertising manager of the Wachovia Bank and Trust Company, Winston-Salem, N. C., writes:

We enclose samples of some of our advertising in the shape of

Local and Long Distance Banking.

- ▲ Thousands of depositors nearby and hundreds of miles away place their savings here because of the strength and standing of this institution.
- ▲ \$1.00 and upwards received for Savings Deposits.
- ▲ To spend all is to court poverty.
- ▲ A Savings Account teaches wonderful things.
- ▲ The law of saving is to deposit in safety that which is saved.
- ▲ 5 per cent. interest credited on Savings Deposits January, April, July, October 1st—4 per ct. annually.
- ▲ Dollars saved and banked build credit.
- ▲ Your Savings Account strongly recommends you.
- ▲ No matter where you live, you can safely deposit and withdraw small and large amounts. And your money is earning 4 per cent. interest, compounded four times a year.



\$3,000,000

capital, profits and stockholders' liability pledged by law to protect depositors.

- ▲ Our booklet "A Little About Our Usefulness" explains our safe, simple method of local and long distance banking. Free on request. A post card will do.
- ▲ To start is important.

Wachovia Bank and Trust Co.
WINSTON-SALEM, N. C.

ON THE BACK OF A SCHOOL REPORT BLANK

school reports which we furnish the rural school system of seven counties free for the privilege of using the back for advertising purposes. This gets right into the homes—several thousand of them—and at the same time is quite a saving to the schools. (46,000 this year.)

We send this because we thought it was something different in the way of advertising. You may have seen the like before, however.

No, we can't say that we have, but we think it is a very good idea. We reproduce the copy from the back of one of these school report cards.

"A Strong-Box for Des Moines People" is the title of a very attractive booklet on safe deposit facilities, issued for the Des Moines National Bank by Mr. H. A. Blodgett. It ought to be a winner.

The Real Estate Loan Department of the Mercantile Trust Company, St. Louis, Mo., has published a strong folder on its First Mortgage Real Estate Serial Notes.

A. L. Callopy, manager of the Washington Trust and Savings Bank, Seattle, Wash., writes:

Enclosed herewith is a copy of our most recent publication, "Wills," written and designed by our Advertising Department and approved by our legal counsel with reference to the laws of descent. It may be interesting enough to be entitled to comment in your valued publication.

This booklet is certainly worth mention. It is well gotten up in every way, and is really a work of permanent value. It is copyrighted by the institution issuing it.

"The Bank Book" is the name of a very good little house organ issued in the form of a monthly booklet by the Citizens Trust Company of Utica, N. Y.

The Seattle National Bank issued a valuable Trade and Crop Bulletin on October 1.

The Union Trust Company of Pittsburgh got out a banking by mail booklet entitled "Why You Should and How You Can Bank by Mail." The cover design was in imitation of a letter envelope and on almost every page were illustrations apropos of the subject.

One of the handsomest bank booklets we have seen in a long time is that descriptive of the American National Bank of San Diego, Calif. It is a very dainty piece of printing, the illustrations and embossing being excellent. The copy is strong and convincing. Altogether it is a piece of advertising literature which will not be quickly discarded by any recipient.

Organized as a patriotic duty
Continued in the interests of its depositors, stockholders
and the community
Conducted in accord with high standards of stewardship

THE
First National Bank
OF PHILADELPHIA

J. TATNALL LEA,
President.

WM. A. LAW,
1st Vice-President.

KENTON WARNE,
2d Vice-President.



THOMAS W. ANDREW,
Cashier

CHARLES H. JAMES,
Asst. Cashier

FREAS B. SNYDER,
Asst. Cashier

HARRY J. HAAS,
Asst. Cashier

Capital & Surplus, \$3,000,000

THE OLDEST NATIONAL BANK IS A GOOD ADVERTISER

The Mercantile National Bank of New York has adopted the plan of tipping a different photographic reproduction on each of its statement folders. The September 1st one had a picture of the U. S. Sub-Treasury, Wall Street, in sepia, toning in well with the light brown stock of the folder.


"The Bank For Me" stands out on the cover of a booklet issued by the First National Bank of Montgomery, Ala., which is a consistently good advertiser. A circular entitled "The Middle of the Road" issued by the same bank is printed in black on a brown and gold background. This is not a very good combination and this particular circular is hard to read.

The Brooklyn "Eagle" compliments the Bank of Coney Island on its advertising as follows:

The Bank of Coney Island has established one good custom that ought to be followed by other larger and older banking institutions in the borough. It in-

terprets for the benefit of its depositors and customers the quarterly statements of condition which it renders to the State Banking Department. It is the custom of practically every bank in the city to issue condensed reports of these official statements to the State Banking Superintendent without comment, leaving it to their patrons to figure them out as best they may.

But the Bank of Coney Island goes to the pains of explaining just what security is behind every dollar entrusted to it. The explanation of the report starts out with the aggregate amount the bank owes depositors. It then proceeds: "We have on hand to pay them: Cash on hand and on deposit —; bonds, convertible into cash within twenty-four hours —; demand loans —; high grade commercial paper payable at varying dates in October, November and December —; high grade commercial paper payable in January and February —, and local time loans payable in less than eighteen days. The aggregate of these amounts equals the liability to depositors, in excess of which other investments are lumped to show the total resources of the institution, and the margin of safety in case of complete liquidation.



You can Invest

***10,* 20,* 25,**

—any amount—every pay day in the interest bearing Certificates of Deposit of this bank.

q Your money will earn interest from date of issue.

q As time goes on and your Certificates increase in number and amount, you will become the happy possessor of a growing fortune.

q Begin this plan next pay day.

THE WISCONSIN NATIONAL BANK
22 MILWAUKEE

"THIS BROUGHT 'EM IN," SAYS H. A. BLODGETT, WHO WROTE THE AD.

Local bankers of late, have been complaining of the lack of banking knowledge displayed by a large proportion of their patrons. One of the reasons advanced for the elimination of small accounts was based upon ignorance of the rudiments of good banking on the part of depositors. One bank president said that there was no reason on earth why the man of small means should not be accommodated by a banking institution with a checking account provided he adhered to banking rules. But of what the banking rules are many are ignorant and a campaign of education on this score ought to be of benefit to both bankers and their present and prospective patrons.

Of greater importance, however, should be the question of restoring confidence in local banking conditions. Bankers here may be reluctant to admit that local conditions have not wholly recovered from the panic of 1907 and the scandals attending the failure of one or two local institutions. A belated inquiry into the practices leading up to the suspension of the Union Bank with resulting indictments against some of its former officers has only been recently suspended pending the political campaign now on. The Banking Department is destined to be a live campaign issue in this country during the next few weeks and any effort on the part of local bankers to restore confidence in local banking should be timely. The Bank of Coney Island is doing its share.

The First National Bank of Joliet, Ill., is a live advertiser, as is indicated by these two items from its September house organ:

OUR BIG NEW ELECTRIC SIGN.

Have you seen the big electric sign which has just been placed across the front of our building?

This sign was constructed by the

Federal Electric Co. and is operated by the Economy Light & Power Co.

It tells its own story.

Read the sign the next time you pass the building.

OUR CORN CONTEST.

At the annual Farmers' Banquet we offered a prize of \$25.00 for the best ear of corn raised in Will County, and we are going to have a big corn exhibition on October 19, 20 and 21, at which time the prize will be awarded.

We are planning on having a pretty big time, and we want all of the farmers in Will County to remember the above dates. They will hear from us with full details later on.

The Union Bank & Trust Company of Jackson, Tenn., issues a monthly Bulletin of four pages, describing the various features of its service.

Referring to the page of assorted advertisements of various institutions, we take leave to make the following comments:

CITIZEN'S CENTRAL AND MANHATTAN TRUST—Illustrating what advertisers would call "bully" position. It is "top surrounded," and on the front page at that. Notice the specially good position the Citizens Central ad. got—right next to a news story on national banks. The typography is good, too, but it is sad to reflect, however, that these very valuable spaces were used for nothing better than the most formal and stereotyped form of bank advertisement.

ROCKVILLE CENTRE—We rather think this bank has "put one over" on its metropolitan contemporaries just referred to as far as putting some real human interest and convincing argument into its advertisement is concerned. The big banks have nothing on the smaller one in set-up either. The padlocks make a pretty border and convey some idea of security, but the outline of a steel vault door would be better for a bank. A padlock might bother a chicken thief, but not a yeggman.

NORTHERN TRUST CO. BANK—We can't see where there is anything to criticize in this advertisement. We admire the courage of these Chicago banks in using such large space. This ad. was 115 lines by two columns, and we venture to say that it dominated the page on which it appeared.

FARMERS LOAN AND TRUST AND FIRST NATIONAL BANK—Too much matter and too fine type. If you feel that you must adopt the essay style of copy it is better to do the way the First National Bank of Montgomery does in the next ad. It is tiresome for the eye to follow across a long line of type, especially if it is small. It is better to use larger type and narrower

Journal of Commerce
AND COMMERCIAL BULLETIN.

AND COMMERCIAL BULLETIN.

THE UNIVERSITY OF CHICAGO PRESS

ESTABLISHED 1893

WEDNESDAY, OCTOBER 25, 1911—TWENTY PAGES—INCLUDING WEEKLY FINANCIAL SECTION • • • PRICE FIVE CENTS.

WED. EVENING, OCTOBER 11, 1906

QUICK RETURNS FOR ALL NATIONAL BANKS

MUST REMIT COLLECTIONS BY COMPTROLLER'S ORDER

Circulars addressed to Be Bank With Remittance—Remittance ordered to Report all Orders in Remittance—Remittance Collection, Special Delivery to Be Made on Demand

WASHINGTON, this 11th (Special)—Comptroller of the currency Lawrence D. Miller, today signing today upon receipt of a circular from the Treasury department, which requires banks to report all orders in remittance to the Comptroller of the currency.

Citizens Central
National Bank
of New York
100 BROADWAY
Eddie S. Seligson, President
Francis M. Essex, Jr., Vice Pres.
Allene E. Clapman, Cashier
Capital, Surplus & Profits, \$4,550,000
Deposits, \$26,200,000
ACCOUNTS INVITED

**END "LABOR TRUST,"
SAY MANUFACTURERS**

NATIONAL ASSOCIATION NOW DEMANDS ITS PROSECUTION

Want the Sherman Anti-Trust Law Applied—President Wilson, Secretaries, Members Employees Form the Charge—Business Confidence to Search and Seize Trusts

At a meeting of the board of directors of the National Association of Manufacturers held at Chicago, Ill., last night, was agreed to adopt a demand was made for the prosecution of the so-called "Labor Trust" under the Sherman law.

MANHATTAN TRUST COMPANY
Wall Street corner Nassau
New York, N. Y. 10038
Authorized to act as **EXERCUTOR** under
Wills, Administration, Guardianship,
and for Individuals, Corporations and Municipalities. Trust Agent.
Transfer Agent and Registrar of Securities and Bonds.
Real Estate Acquired or Conveyed.
Temporary Offices
113 BROADWAY

AMUSEMENTS

New Amsterdam 8:15, 9:30, 10:45
THE PINK LADY
Liberty 8:15, 9:30, 10:45
LAST
JULIAN ELLINGBO
Starring in "The Enchanting Evening"
Gaiety 8:15, 9:30, 10:45
THE ONLY SON
New York 8:15, 9:30, 10:45
SITTY GORDON and **ENCHANTERS**
Joe Weber's 8:15, 9:30, 10:45
Starring **MRS. AVER**
Hudson 8:15, 9:30, 10:45
FRANK KENTON'S **MAJESTY**
PARK 8:15, 9:30, 10:45
Every evening at 10:45
and by all the organs in their

Reasons why you should
keep an Account with the

**Bank of
Yorkville Centre**

It is Accommodating - it requires from those
who patronize it every means known
to the best, conservative banking method.

It assists by extending credit when credit is
needed, by daily giving advice to any one wishing
to invest in other expanding enterprises,
collections, remittances or other business matters.
When in doubt - come and talk a hour with us.

The friendliness of a bank
is valuable to you



"Have You a Savings Account?"

Is one of the questions a careful employer should ask before giving you and someone applying for a position of trust. We know that any boy or girl who saves regularly out of a small salary...and does so conscientiously...has and controls the right to thirty...and these are two very desirable qualities in a business career.

**You Can Open an Account in
This Bank With \$1**

or more and earn 3% interest upon it. It is our plan that your regular savings will grow and accumulate money. \$10 a month with 3% interest will accumulate half yearly...and amount to \$1,292.40 in ten years.

The Northern Trust Company-Bank
Capital, \$1,000,000—Surplus, \$1,000,000
Residence: Corner La Salle and Madison Streets, Chicago

DIRECTORS

John D. Rockefeller	Charles D. Walcott	James C. McLaughlin	James H. McLaughlin
John G. Thompson	William H. McLaughlin	James H. McLaughlin	James H. McLaughlin
James H. McLaughlin	James H. McLaughlin	James H. McLaughlin	James H. McLaughlin
James H. McLaughlin	James H. McLaughlin	James H. McLaughlin	James H. McLaughlin

[illegible][illegible]

Charlton's Trust Co.
McKENZIE ROCKS, Pa.



CAPITAL, RESERVE &
ACRUITIES \$250,000
T. M. FRIEDMAN, Pres.
J. M. O'BRIEN, Vice-Pres.
J. W. JACKSON, Treas.

Send Request Remove!
EVERY ANNUATION
DISCOUNT WITH
SAFE BANKING SERVICE
EXTRAORDINARY
PATRONS

A BANK ACCOUNT!

HIGH SOUNDING in The Name
But Not So High, if YOU BUT TRY—
You Can Have One, Too! The Same!
ONE DOLLAR STARTS IT

WE PAY 4 PER CENT. INTEREST ON TIME DEPOSITS

YOU CAN WALLOW IN WEALTH

If you take the protection of saving for your children and dinner when you're young. Youth is the ideal time to save. After you get the first hundred, in the savings bank the rest comes easy and you enjoy the interesting "come ups."

We offer you the best investment in security and interest. Begin your deposits at any amount.

Deposits received from \$1.00 up. A year end or at any interest compounded every 30 days.

The Union Savings Bank,
60 N. Royal Street. **MOBILE, ALA**

FEDERAL TRUST AND WATER STREETS
 CORNER DEVONSHIRE
 ACCOUNTS OF TRUSTEES, FIRMS, CORPORATIONS AND INDIVIDUALS RESPECTFULLY SOLICITED. SPECIAL ATTENTION GIVEN TO SET OF TOWN ACCOUNTS. INTEREST ALLOWED ON DEPOSITS SUBJECT TO CHECK.

LONG ADS AND SHORT ADS.

column measure. The First National has followed Arthur Brisbane and William C. Freehan in the liberal use of caps for emphasis.

CHARTERS TRUST—The connection between a bank account and a flying machine is not apparent at first sight, although occasionally there is a high flyer in the banking field. This ad. is a hodge-podge. That is the best we can say for it. We commend to the person responsible for it that line in his own copy, "Read! Reflect! Resolve!" Let him read some good book on advertising, *reflect* on the fundamental prin-

ciples it lays down and *resolve* never again to perpetrate upon a confiding public anything like this "advertisement."

UNION SAVINGS--The writer of this headline has summoned "apt alliteration's artful aid," but "wallowing" in wealth does not strike us as a suitable metaphor to use in a savings advertisement. A pig wallows. The term cannot be applied to a human being in any desirable sense. How much more sensible and to the point is that illustration used in the Northern Trust Company Bank advertisement above, or how much better it would be to represent a hap-

py old age free from want, a man owning his own home, a boy going to college, or a score of other ideas with some sweetness and light in them!

UNITED NATIONAL—A couple of specimens from a series of "bullseye" advertisements prepared for this bank by the Publicity Department of the Bankers Publishing Company.

FEDERAL TRUST—Rather conventional copy and nothing new about the design. The trade-mark emblem of this institution is good, but wherein lies the appropriateness of using Egyptian architecture in the design for a modern trust company advertisement?



THE CONTEST IDEA

Different Banks Try Different Plans

A NEWSPAPER dispatch from Eufala, Ala., says:

In the corn raising contest for which prizes were offered by the Bank of Eufaula and the Central Railroad Company of \$50 each in gold for the greatest number of bushels produced upon one acre, Charles G. Mercer of this city has been pronounced the winner.

Mr. Mercer cultivated 40 acres along the banks of the river in Quitman county, Ga., from which it is estimated he will gather approximately 5000 bushels, although under the Georgia standard of measure the yield for which the prize was awarded is given at 112 bushels. The prize for the second best yield will be awarded B. R. Fussell, who resides near Georgetown, and whose yield is given at 72 bushels.

Prizes which will be awarded for the best yield in Barbour county will be decided this week, and while there are a number of very fine fields, it is believed that G. B. Harrell, seven miles south of here, will forge to the front.

To promote better apple crops by spraying and scientific culture of the trees, the People's Savings Bank of Zanesville, O., held its first annual show November 13-18. Just \$48 was distributed in prizes among the exhibitors. A better year could hardly be chosen, as the apple crop in that part of Ohio was one of the largest ever seen there, and the majority of farmers began spraying their trees in the spring.

Five varieties of apples were specialized, and a prize of \$5 for the first in size and beauty, and \$3 for the second in each variety was given. The varieties were Roman Beauty, Grimes Golden, Jonathan, Ben Davis and Baldwin. In order that all growers might contest, however, the bank gave a \$5 and a \$3 prize for the best specimens of any variety not named in the above list. The competition was open to Muskingum county residents only, and five specimens of

each variety were necessary in order to compete.

The plan used by the First National Bank of Waterloo, Iowa, to attract depositors on its opening day, was described as follows in the "Times" of that city:

One of the biggest rushes ever made to a bank is expected to-morrow, following a special inducement made to depositors by the First National Bank incident to the opening of that institution in its new and elaborate quarters at the corner of Fourth and Sycamore streets.

The sum of \$10 will be given to the first depositor turning his coin over the counter after the bank opens for business at 9 o'clock to-morrow morning, and to the tenth depositor a present of \$5 will be given. Throughout the day every twentieth person making a deposit will receive \$1.

For the first depositor turning in \$100 or more to the savings department of the bank the sum of \$10 will be given, and every twentieth depositor in that department during the opening day will get \$1.

No deposits will be received by the bank prior to the opening of the institution at 9 a. m. to-morrow. Employees and directors will not be permitted to try for the presents offered.

Everything possible is being done to have the new quarters ready for occupancy and for business to-morrow morning. The employees of the bank had restlessly looked forward to the day that would find them in their new home. The change from the old to the new is a marked one, considering floor space, light, interior and exterior finish of the new building in comparison with the old home of the bank. Altogether the change is a most desirable one, both for the bank employees and for those connected with the institution in a business way.

The new quarters are fully equipped to care for every need in the banking line, and a most successful opening is looked forward to by the officers.



BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

T. H. Stoner, Cashier, The Peoples National Bank, Waynesboro, Pa.

W. R. Dysart, Assistant Cashier, First National Bank, Ripon, Wis.

H. M. Jefferson, Cashier, Bank of Coney Island, Coney Island, N. Y.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

J. A. Overton, Cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, Cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

C. L. Chilton, Jr., Advertising Manager, First National Bank, Montgomery, Ala.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, Asst. Cashier, Union Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, Advertising Manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, Asst. Cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., President, Wilmington Savings & Trust Co., Wilmington, N. C.

MUCH VALUABLE INFORMATION.

We will be glad to have you list this bank among those who are willing to exchange advertising matter. We have been very much interested in your publicity department, and we have obtained much valuable information therefrom.

W. P. JONES, Asst. Cashier,
National Bank of Commerce,
Hattiesburg, Miss.



BANKING "HOUSE ORGANS"

AMONG the interesting and undoubtedly effective house organs of banking institutions we have recently received are these:

"The Savings Depositor," Security Savings Bank, Los Angeles, Cal.

"The Solicitor," Wachovia Bank & Trust Co., Winton-Salem, N. C.

"The Marble Bank Monthly," Union Trust & Savings Bank, Spokane, Wash.

"The Investors Magazine," S. W. Straus & Co., Chicago.

"The Review," (Employees of) the First National Bank of Chicago.

"Thrifty," The Garfield Savings Bank Co., Cleveland, O.

"Progress," Guaranty Trust & Savings Bank, Jacksonville, Fla.

BOOK REVIEWS

BUILDING, LOAN AND SAVINGS ASSOCIATIONS: How to Organize and Successfully Conduct Them. By Henry S. Rosenthal. Third edition—revised and enlarged. Cloth, \$3.50 net; full sheep, \$5. Cincinnati and Chicago: American Building Association News Company.

The third edition of this treatise embraces the origin and history of building and loan societies, also the objects and benefits of such associations, and tells how to organize and successfully conduct them.

A specimen constitution and by-laws are given, together with forms of books, plans, etc.

The subject of auditing and supervision is thoroughly considered and interest and dividend tables given that will prove instructive and helpful to those interested in this class of financial institutions.

The building and loan associations of the country have proved to be of great service in providing for the building of homes, and anything relating to their organization, growth and management will be of general interest to investors.

The new edition of this work seems to deal with the subject in a comprehensive manner, and will no doubt prove a valuable work of reference.

BANKING LAW OF NEW YORK. By Amasa J. Parker, Jr. Albany, N. Y.: The Banks Law Publishing Company.

This edition of the Banking Law of New York contains Chapter 2 of the Consolidated Laws and Chapter 10 of the Laws of 1909, including all amendments of 1911, together with notes and references. It also

contains the general statutes and the general corporation law relating to banks, trust companies, etc., and will be found a most valuable compilation for reference in regard to the laws relating to banks and financial institutions in the State of New York.

HISTORY OF MONEY IN THE BRITISH EMPIRE AND IN THE UNITED STATES. By Agnes F. Dodd. New York: Longmans, Green & Co.

The aim of this book is to give a short general history of money in the English-speaking countries—in the British Empire and the United States. It includes a history of coinage, paper money and banking, and will be found of interest and value for the large amount of information it contains relating to these subjects. The authoress has avoided theoretical discussions as much as possible and has confined her investigations to a consideration of the purely historical aspects of money and banking.

THE COPPER HANDBOOK: A MANUAL OF THE COPPER INDUSTRY OF THE WORLD. Houghton, Mich.: Horace J. Stevens.

The new issue of this work, which is considered a standard authority on the subject of copper and copper mines for the entire globe, has 1,902 octavo pages, containing nearly 1,500,000 words, and, in addition to the miscellaneous chapters, lists and describes 8,130 copper mines and copper mining companies, in all parts of the world, this being the largest number of titles ever listed by any work on mining. The descrip-

tions range from two or three lines, in the case of dead companies, wherein reference is made to detailed descriptions in past volumes at the period of their activity, up to twenty-one pages in the case of the Anaconda mine, which yields one-eighth of all the copper made in the world.

The miscellaneous chapters of the book, twenty-four in number, treat the subject of copper from all possible viewpoints, there being chapters on the history, chemistry, mineralogy, metallurgy, brands and grades, alloys and substitutes for copper, with a copious glossary, and a chapter of statistics ending the book that contains forty odd tables, thoroughly covering copper production, consumption, movements, prices, dividends, etc.

The Copper Handbook is sold on the unique plan adopted nine years ago, the publisher sending the book by mail, prepaid, to any address ordered, without advance payment, and subject to return after a week's inspection. The price is \$5 in buckram binding, with silk headband and gilt top; or \$7.50 in full library morocco.

DR. DUNCAN OF RUTHWELL, FOUNDER OF SAVINGS BANKS. By his great granddaughter, Sophy Hall. Edinburgh and London: Oliphant, Anderson & Ferrier.

An interesting biographical sketch of Dr. Duncan, the founder of savings banks, containing numerous allusions to many contemporaneous statesmen and literary men, all well told and attractively presented. It is a book that may be read with profit, both on account of the person it describes and for the entertaining way in which these achievements are related.

ABOUT "GREAT FORTUNES"

THE "Political Science Quarterly" reviews Dr. Anna Youngman's book, "Economic Causes of Great Fortunes," as follows:

Dr. Anna Youngman, in her "Economic Causes of Great Fortunes" (New York, The Bankers Publishing Company, 1909; 185 pp.) makes a study of certain great American fortunes, illustrating the three important stages through which American business and industry have passed: the John Jacob Astor fortune gained largely from trade and land speculations, representing the pre-corporate regime; the Jay Gould fortune, made in railways, representing the period intervening between the Astor age and our era of great industry; and the group fortunes of the Standard Oil and Morgan men. On the whole, the book is a temperate and well-documented account, in brief compass, of the conditions and methods by which these great fortunes have been built up. The author does not hesitate to expose the

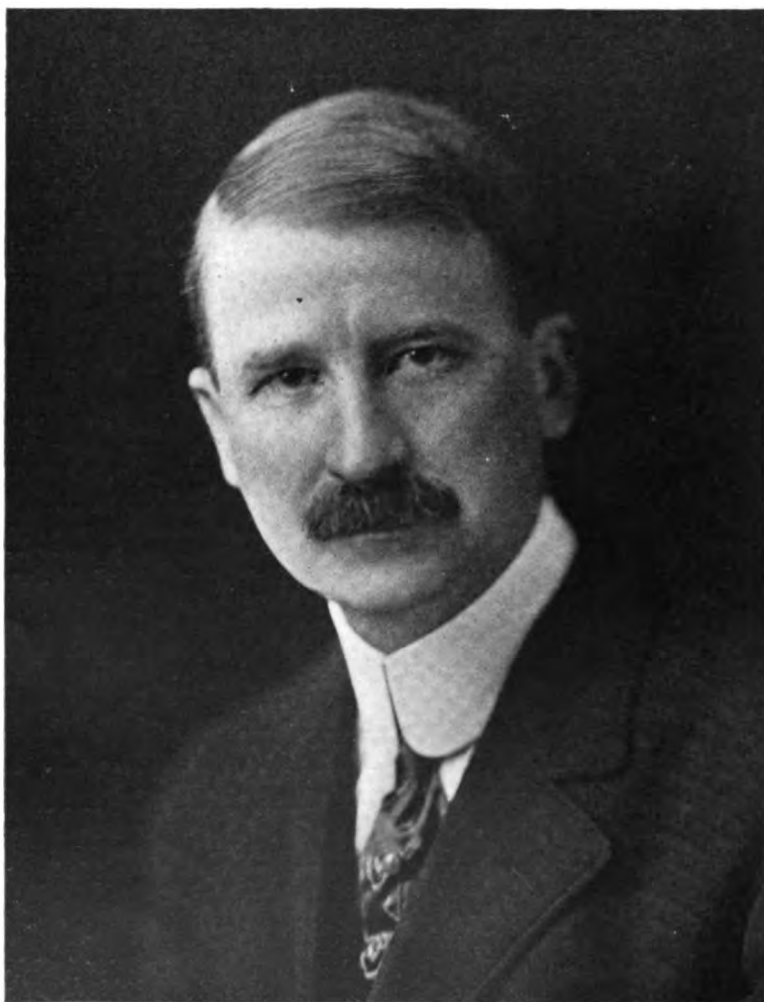
objectionable methods employed by specialists in high finance to enrich themselves at the expense of stockholders and the public; but she shows the futility of attempting either to justify or to condemn, on theoretical economic grounds, the making of great fortunes or their makers. She examines the social factors which have entered into the making of these fortunes, and comes to the obvious conclusion that there is no necessary relation between large individual gains and service rendered to the community. Indeed, she believes that it is wholly useless to attempt to establish any relation between the amount of social service, or even the extent of personal ability or activity, and the magnitude of the personal reward. The volume is a modest contribution to American economic history, and it is a wholesome corrective to the specious reasoning of the economists who regard themselves as bound to find a moral and scientific justification for the condition in which we find ourselves.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

CITY BANK AND TRUST COMPANY, MOBILE, ALA.

BECOMES FIVE MILLION DOLLAR INSTITUTION BY PURCHASE OF
CENTRAL TRUST COMPANY OF MOBILE



E. J. Buck

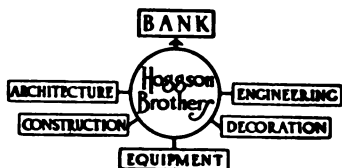
PRESIDENT CITY BANK AND TRUST COMPANY, MOBILE, ALA.

THROUGH its purchase of the entire business of the Central Trust Company of Mobile, Ala., including good will and deposits, the City Bank and Trust Company of Mobile has increased its assets

considerably over \$5,000,000 and now ranks as the second largest bank in the State of Alabama.

According to a statement published the first day of July, 1911, the Central Trust

Averting Building Worries



We Build from
Coast to Coast

WHEN you intrust to us, under a single contract, the designing, building, furnishing and equipping of your new banking quarters, you avert a long siege of dilemmas and worries. If there are going to be any, we take care of them, not you.

You may anticipate satisfaction and economy with the certainty of getting both.

HOGGSON BROTHERS

7 East 44th St. : : : New York
First National Bank Bldg., Chicago, Ills.

NEW YORK BELTING & PACKING CO. LTD

ORIGINAL MANUFACTURERS

INTERLOCKING RUBBER TILING.

An Ideal Flooring for Banks

The most satisfactory flooring for banks.
It is odorless, noiseless, sanitary and non-slippery.
It is more durable than marble, mosaic, and more attractive. Can
be made to harmonize with interior decorations. Banks all over the
country are using this flooring.

Write for full particulars, including opinions of these bankers.

NEW YORK, N.Y. 91-93 CHAMBERS ST.
INDIANAPOLIS, IND. 120 SO. MERIDIAN ST.
CHICAGO, ILL. 180 W. Lake St.
ST. LOUIS, MO. 218-220 CHESTNUT ST.
PHILADELPHIA, PA. 116-120 NORTH 6TH ST.
LONDON, ENGLAND, 11-13 SOUTHAMPTON ROW

BOSTON, MASS. 232 SUMMER ST.
PORTLAND, ORE. 40 FIRST ST.
SAN FRANCISCO, CAL. 129-131 FIRST ST.
PITTSBURGH, PA. 933-935 LIBERTY AVE.
SPOKANE, WASH. 163 S. LINCOLN ST.

Old Colony Trust Co.

BOSTON, MASS.

Capital	-	-	-	-	-	\$5,000,000
Surplus	-	-	-	-	-	7,500,000
Stockholders' Liability	-	-				5,000,000
Total Protection to Depositors						<u>\$17,500,000</u>

OFFICERS

T. JEFFERSON COOLIDGE, JR., Chairman Executive Committee
GORDON ABBOTT, Chairman of Board
 FRANCIS R. HART, Vice-Chairman of Board
 PHILIP STOCKTON, President
 WALLACE B. DONHAM, Vice-President
 JULIUS R. WAKEFIELD, Vice-President
 E. ELMER FOYE, Vice-President
CHESTER B. HUMPHREY, Vice-President
 FREDERIC G. POUSLAND, Treasurer
 GEORGE W. GRANT, Cashier
 S. PARKMAN SHAW, JR., Secretary
 JOSEPH G. STEARNS, Assistant Secretary
 F. M. HOLMES, Trust Officer
 F. M. LAMSON, Manager Temple Place Branch

DIRECTORS

Charles F. Adams, 2d	William Endicott, Jr.	Hon. Richard Olney
F. Lothrop Ames	Wilmot R. Evans	Robert T. Paine, 3d
Oliver Ames	Frederick P. Fish	Henry Parkman
C. W. Amory	Reginald Foster	Andrew W. Preston
William Amory	George P. Gardner	Richard S. Russell
Charles F. Ayer	Edwin Farnham Greene	Philip L. Saltonstall
John S. Bartlett	Robert F. Herrick	Herbert M. Sears
Samuel Carr	Henry S. Howe	Quincy A. Shaw
B. P. Cheney	Walter Hunnewell	Howard Stockton
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Charles E. Cotting	George E. Keith	Galen L. Stone
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Phillip Dexter	Arthur Lyman	H. O. Underwood
Hon. Eben S. Draper	Charles S. Mellen	Ellot Wadsworth
George A. Draper	Laurence Minot	Stephen M. Weld
Frederic C. Dumaine	Maxwell Norman	Sidney W. Winslow
		Charles W. Whittier

In addition to conducting a general Banking and Safe Deposit Business, the Old Colony Trust Company acts as trustee under railroad and other mortgages and as agent for the transfer of stocks and the registration of stocks and notes.

Company had a capital stock of \$250,000 and total assets of \$996,052.09. It had been doing business since April, 1902, and was in a sound, healthy condition at the time of its sale.

On April 1, 1903, the City Bank and Trust Company succeeded the City National Bank, which began business on the first of November, 1899.

From the day of its inception, the City

fect. It was the first bank in the city of Mobile to erect a modern banking and office structure, and not only in this but in many other ways has the confidence of its officers and directors in the future of Mobile been demonstrated.

IN FOREFRONT OF PROGRESS.

The bank began business simultaneously with the great commercial advance of the



TRANSIT AND SAVINGS DEPARTMENT

Bank and Trust Company has been considered one of the most progressive financial institutions of the South and has always been in the forefront of any movement looking to the building up of the city and port of Mobile. Its growth has been phenomenal, the deposits increasing from \$1,342,731.82 in 1903 to \$1,300,000, the figure reached in July, after the consolidation with the Central Trust Company was ef-

city and has largely participated, both through its officers and as an institution, in all movements inaugurated with a view to progress. Its officers are prominent in many of the foremost commercial and industrial enterprises of the city, and that they are liberal, able and at the same time conservative financiers is attested by the wonderful advance which the institution under their control has made during the past

few years. The handling of \$2,000,000 of Mobile's refunding bonds by the bank was one of the largest undertakings by any bank of the State and was the subject of much favorable comment in the financial circles of the country.

Officers of the City Bank and Trust Company are as follows: E. J. Buck, president; Hon. Pat. J. Lyons, vice-president; George A. Tonsmeire, cashier; A. C. Tonsmiere and Tom C. McCorvey, assistant cashiers. The directors are: E. J. Buck, E. E. Bernheimer, A. P. Bush, O. F. Cawthon, Jr., F. S. Cleve-

land, John T. Cochrane, E. G. Dreaper, M. C. Förehheimer, A. S. Lyons, P. J. Lyons, G. M. Luce, W. H. Monk, Jr., J. F. McGowin, W. F. Owen, Gregory L. Smith, F. C. Turner, J. A. Watters and T. A. Yeend.

friend to-morrow" is a slogan that has been productive of great results, and in developing the opportunity for individuals to keep accounts with the bank it gradually developed a business that has grown until it has placed the bank in the forefront of Alabama's financial institutions. Another feature developed by the bank almost from the start was the collection business, and the volume of this business has been and is enormous. This has resulted in bringing the bank into prominence throughout the country, and has added materially to its prestige as well as to its profits. Great executive ability on the part of the officials of the institution and systematic, thoroughly up-to-date methods have done the rest.

BIOGRAPHICAL.

E. J. Buck, president of the City Bank & Trust Company, has been in the banking business for twenty years. He received his first banking experience as cashier of a bank in Kansas. He came back to Mississippi, his native State, and organized the



HON. PAT. J. LYONS
VICE-PRESIDENT

land, John T. Cochrane, E. G. Dreaper, M. C. Förehheimer, A. S. Lyons, P. J. Lyons, G. M. Luce, W. H. Monk, Jr., J. F. McGowin, W. F. Owen, Gregory L. Smith, F. C. Turner, J. A. Watters and T. A. Yeend.

CAUSES OF SUCCESS.

One of the causes that led to the wonderful success of the City Bank and Trust Company was the early recognition of the small depositor and the invitation that has always been extended to people of small or moderate means to avail themselves of the facilities offered by the institution has not only resulted in a host of friends, but in hundreds of depositors, whose deposits in the aggregate total an enormous sum. "The small customer of to-day may be your best



GEORGE E. TONSMEIRE
CASHIER

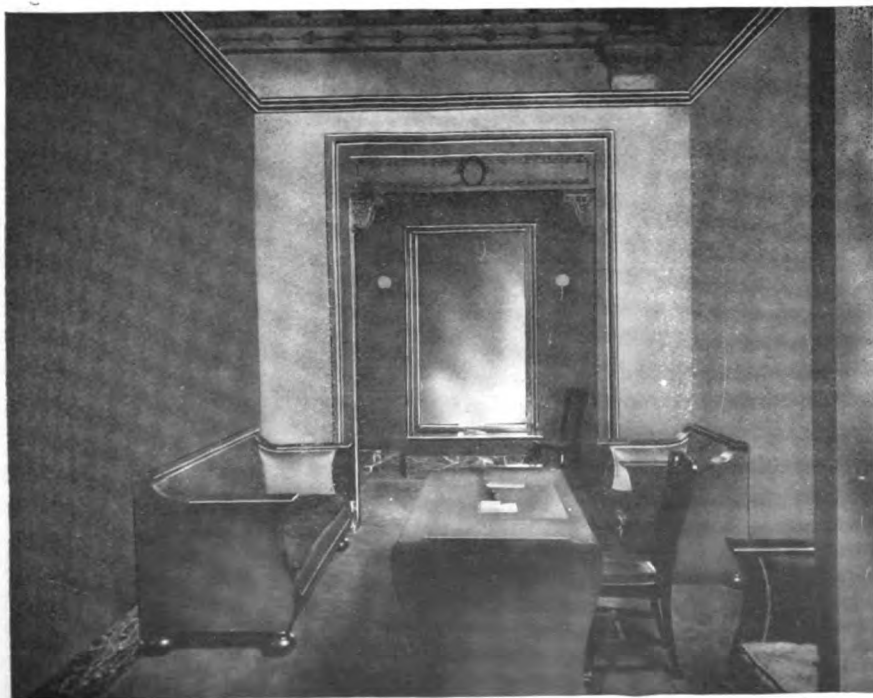
Bank of Biloxi, Biloxi, Miss., in 1893, and afterwards organized several banks in Louisiana, Mississippi and Alabama. He came to Mobile in 1899 and organized the City National Bank, of which the present City Bank & Trust Company is successor,



A. C. TONSMEIRE
ASSISTANT CASHIER



TOM C. MCCORVEY, JR.
ASSISTANT CASHIER



LADIES' RECEPTION ROOM

and he has had the management of its business continuously since its organization.

Hon. Pat. J. Lyons, vice-president, is a native of Mobile, Ala. His first business experience was steamboating on the Alabama River. At the time of his leaving that service he was owner and captain of one of its largest steamboats. After leaving the steamboat business he engaged in the wholesale grocery business under the firm name of Michael & Lyons Grocery Co. He is still connected with the firm as a stockholder and in an official capacity. He is also a director and officer of several Mobile

George A. Tonsmeire, cashier of the City Bank and Trust Company, has been a resident of Mobile practically all his life, and has been associated with the Mobile banks for the past fifteen years. For about five years he served in different positions in one of the smaller institutions before becoming associated with the City National Bank, which was organized in November, 1899.

When the City National Bank was taken over by the City Bank and Trust Company, Mr. Tonsmeire was elected cashier and has been with them since that time.

A. C. Tonsmeire, assistant cashier, has



DIRECTORS' ROOM

enterprises, and has always been prominently identified with everything that has tended to build up the business of Mobile.

He has been interested in the local city government for more than twelve years, being Councilman and Chairman of the Board of Aldermen, and finally Mayor of the city in July, 1904, and was continuously re-elected, and served as Mayor until the city voted to go under the commission government plan. He now is one of the three commissioners comprising the Board of Commissioners of the city of Mobile.

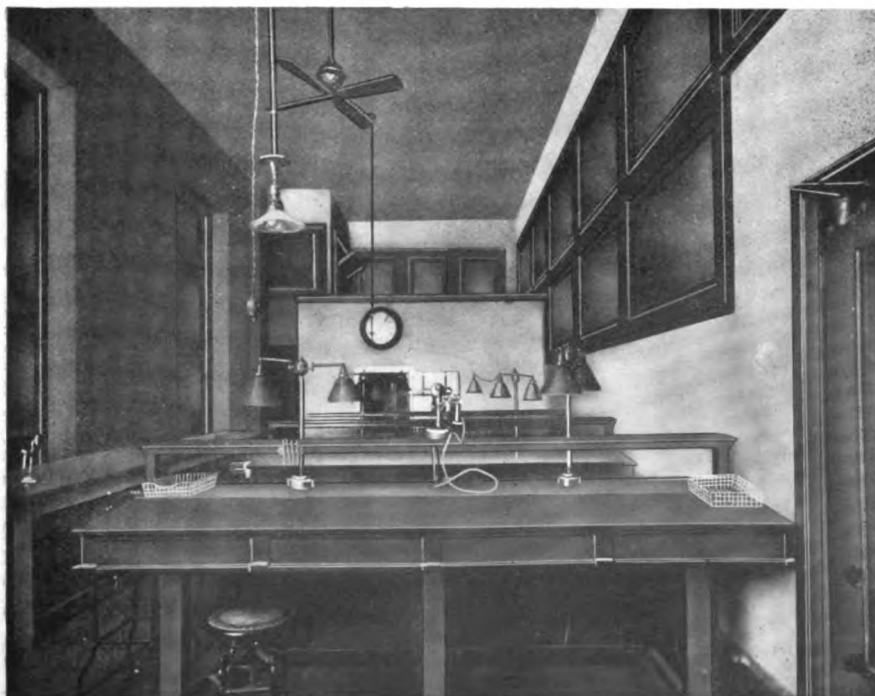
He has been vice-president of the City Bank and Trust Company of Mobile from its organization to the present time, being one of the original charter members of the organization.

spent practically all of his business life with the City Bank and Trust Company of Mobile and its predecessor, the City National Bank, in which he started as collector shortly after it was organized. He has occupied nearly every desk in the City Bank and Trust Company. His election as assistant cashier, in January, 1910, came as a well deserved promotion.

Tom C. McCorvey, Jr., assistant cashier, began his banking career eight years ago as collector for the City National Bank of Tuscaloosa, Ala. After leaving college in 1903, he came to Mobile, going with the City Bank and Trust Company as an individual bookkeeper, and a year later was serving that institution as receiving teller. In the



DOOR AND ENTRANCE TO SAFE DEPOSIT VAULT



BOOKKEEPING DEPARTMENT

early part of 1908 he resigned that position to accept that of assistant secretary of the Central Trust Company of Mobile. However, in December last, he came back to the City Bank & Trust Company and accepted his present position.

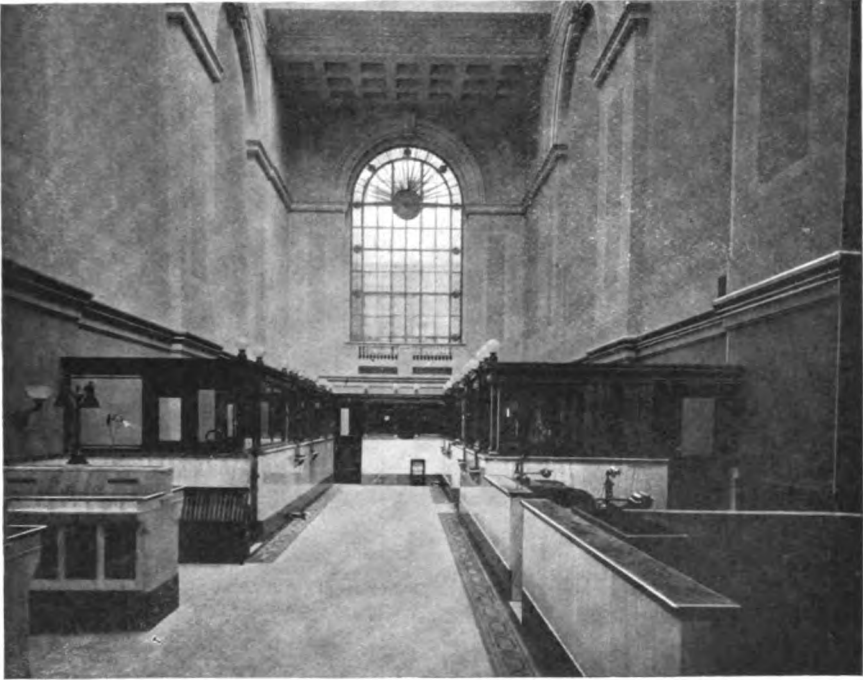
The City Bank and Trust Company of Mobile have recently purchased the Billings property, which will give them an additional space of 52x115 feet. On this plot they propose to erect an addition to

their present building that will be in keeping with their present structure, which is a modern, fire-proof building, with terra-cotta trimmings. The building will probably be seven or ten stories, and the ground floor will be occupied for additional space for their banking rooms, while the upper stories will be used for offices. The interior will be finished in Italian marble to correspond with the handsome furnishings of their present banking department.

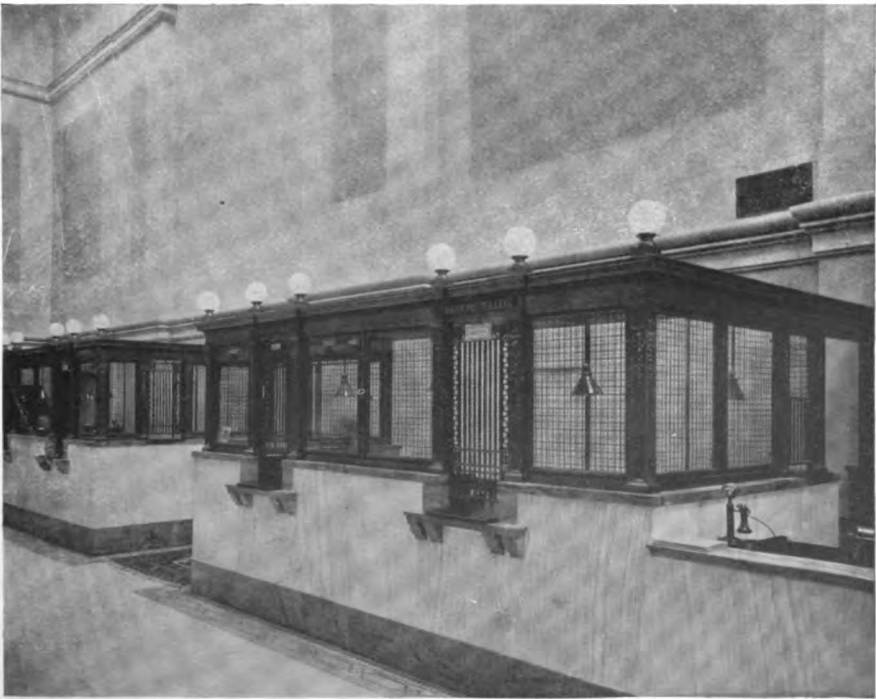


EXTERIOR VIEW OF THE UNION & NEW HAVEN TRUST COMPANY BUILDING, NEW HAVEN, CONN.

(By Courtesy of the Builders, Hoggson Bros., New York)



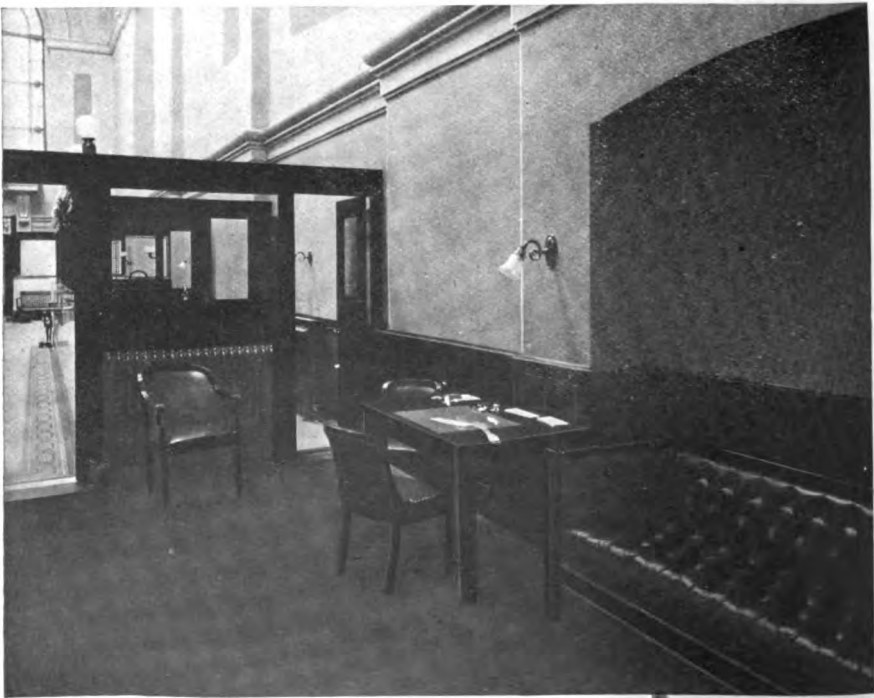
MAIN BANKING ROOM, THE UNION & NEW HAVEN TRUST COMPANY, NEW HAVEN, CONN.
(By Courtesy of Hoggson Bros., New York)



DETAIL OF BANKING SCREEN, THE UNION & NEW HAVEN TRUST COMPANY, NEW HAVEN, CONN.
(By Courtesy of Hoggson Bros., New York)



DIRECTORS' MEETING ROOM, THE UNION & NEW HAVEN TRUST COMPANY, NEW HAVEN, CONN.
(By Courtesy of Hoggson Bros., New York)



**REST ROOM. ADJOINING SAFE DEPOSIT DEPARTMENT, THE UNION & NEW HAVEN TRUST COMPANY,
 NEW HAVEN, CONN.**
(By Courtesy of Hoggson Bros., New York)

CENTRAL BANK AND TRUST COMPANY, MEMPHIS, TENNESSEE

THE Central Bank building, occupying a plot of ground 50x75 feet, on the southwest corner of Madison and Second streets, Memphis, Tenn., is one of the

stories on the exterior are faced with white Tennessee marble, the remaining portion of the exterior being faced with red brick laid in Flemish bond, with black headers. The



N. C. PERKINS

PRESIDENT CENTRAL BANK AND TRUST COMPANY, MEMPHIS, TENN.

tallest, most modern and up-to-date fire-proof office buildings in the South. It is designed in the French Renaissance style of architecture, contains eighteen stories and basement, and rises to a height of 226 feet above the sidewalk level. The first three

cornices and other exterior trimmings are of white terra cotta, giving a most pleasing appearance.

The banking room on the ground floor is finished in Tennessee marble and bronze, and has been designed for the comfort and

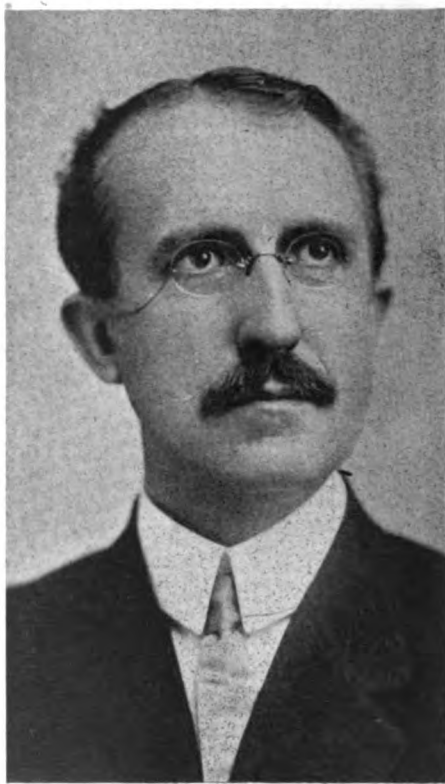
convenience of both patrons and clerks. A fireproof book vault and a fire and burglar-proof money vault are provided on the main

floor, both being of the most approved type. The money vault is also equipped with electrical protection.

In the basement is located the safe deposit department, containing safety deposit boxes and also ample storage room for valuables of the more bulky nature. This safe deposit vault is also of the most up-to-date construction, is reached by a marble stairway from the main banking room, and is provided with ample conveniences in the way of coupon booths, etc. A special at-



HOME OF THE CENTRAL BANK AND TRUST COMPANY, MEMPHIS, TENN.



J. C. OTTINGER
CASHIER

tendant is on hand during business hours for the accommodation of customers. In the rear of the banking room is the fire insurance department. Above this on the mezzanine floor a handsome directors' room has been designed, and also on the mezzanine floor there is a working space for any additional clerical force which may be needed.

OFFICES.

Above the banking quarters the building contains 169 offices, all admirably lighted and ventilated, and each containing private

lavatories. These offices are reached by three high-speed elevators, which, under the excellent management of the building, have given perfect service. The main entrance lobby on the ground floor is elaborately finished in Tennessee marble and ornamental plaster. From it entrance may be had into the banking room or to the floors above, by way of the elevators. The office stories

are durable and handsome. The supporting frame is of steel and is carried on 286 concrete piles, the bottoms of which extend fifty feet below the sidewalk level to gravel, giving a bearing surface capable of sustaining, without appreciable settlement, several times the load which is upon them.

The architects of the building were N. M. Woods of Memphis and J. G. Rogers of New York.

HISTORICAL.

The Central Bank & Trust Company was organized with a \$250,000 paid-in capital, electing N. C. Perkins, president; J. F. Mathis, vice-president, and J. C. Ottinger, cashier, and opened for business on January 15, 1906, receiving on that date deposits aggregating \$65,000.

Owing to the large increase in the volume of business, it became necessary on January 15, 1910, to increase the capital stock to \$500,000. A surplus of \$200,000 has been accumulated since the opening day, and the bank has paid yearly dividends of eight per cent. Deposits now are \$2,500,000.

At the annual election in January, 1911, C. W. Phillips was elected assistant cashier.

The following gentlemen, most of whom have been with the bank since its organization, compose the board of directors: W. M. Ball, W. P. Battle, A. B. Bartholomew, J. W. Canada, John Colbert, F. M. Crump, R. D. Goodwyn, Hardy Jones, Jr., J. P. Jordan, Levi Joy, J. L. Lancaster, C. P. Cooper, N. Hill Martin, J. F. Mathis, L. B. McFarland, H. C. McKellar, H. M. Neely, Jr., J. C. Norfleet, J. C. Ottinger, N. C. Perkins, S. E. Ragland, Cleland K. Smith, L. M. Stratton, M. D. Thompson.

PYRAMID OF DEPOSITS.

Reproduced herewith is an interesting table in the form of a pyramid, prepared by J. C. Ottinger, cashier of the Central Bank and Trust Company. It represents the growth of the institution from the day



C. W. PHILLIPS
ASST. CASHIER

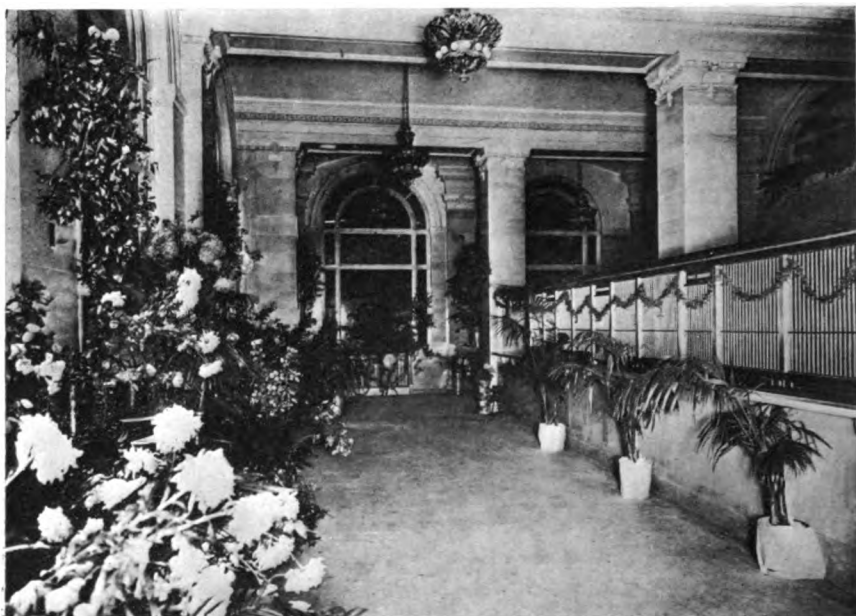
have marble floors in the corridors and beautifully finished cement floors. All woodwork, including doors and trim, above the first story is of early English oak.

The equipment of this modern bank and office building includes the gravity system of steam heating, the vacuum cleaning system, hot and cold water in all rooms, supplied through extra heavy brass piping, and electric lighting, with all the little appliances carefully worked out, such as conveniently located switches, base-board receptacles, fan outlets, etc.

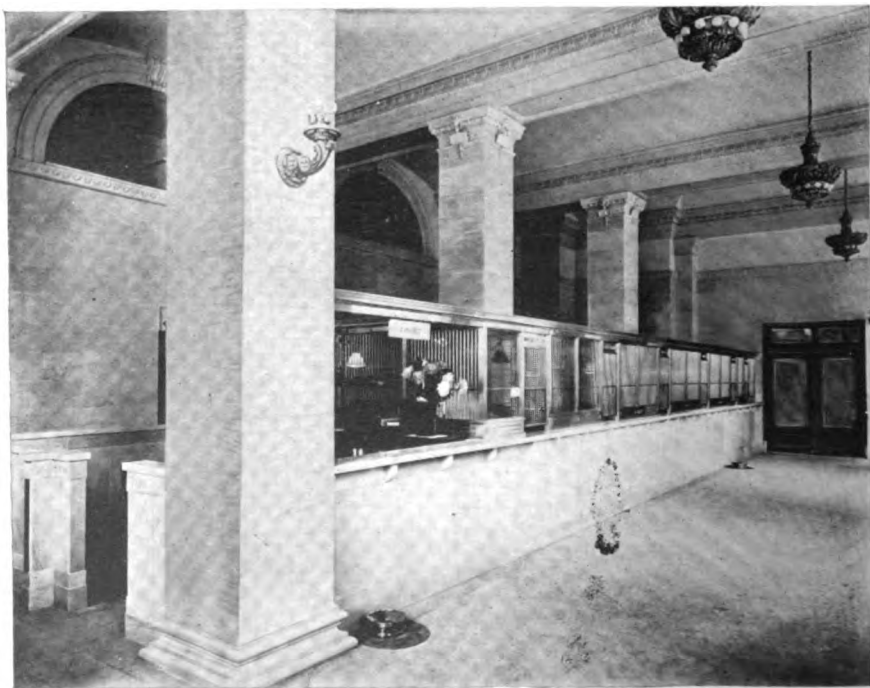
The building is as nearly fireproof as any office building can be made, and no expense has been spared to make it substantial,



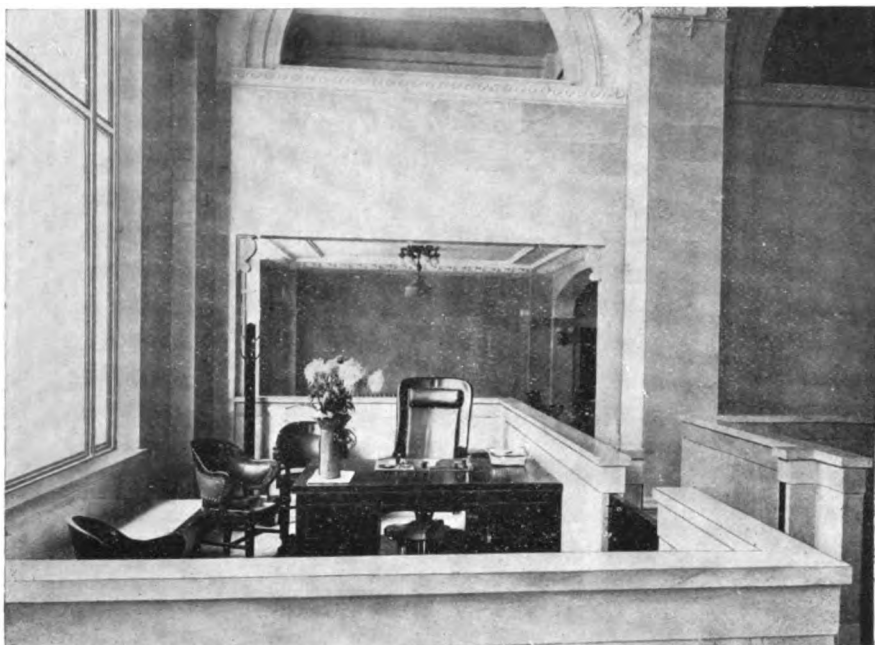
PYRAMID OF DEPOSITS



A VIEW OF THE MAIN BANKING ROOM TAKEN ON THE OPENING DAY.



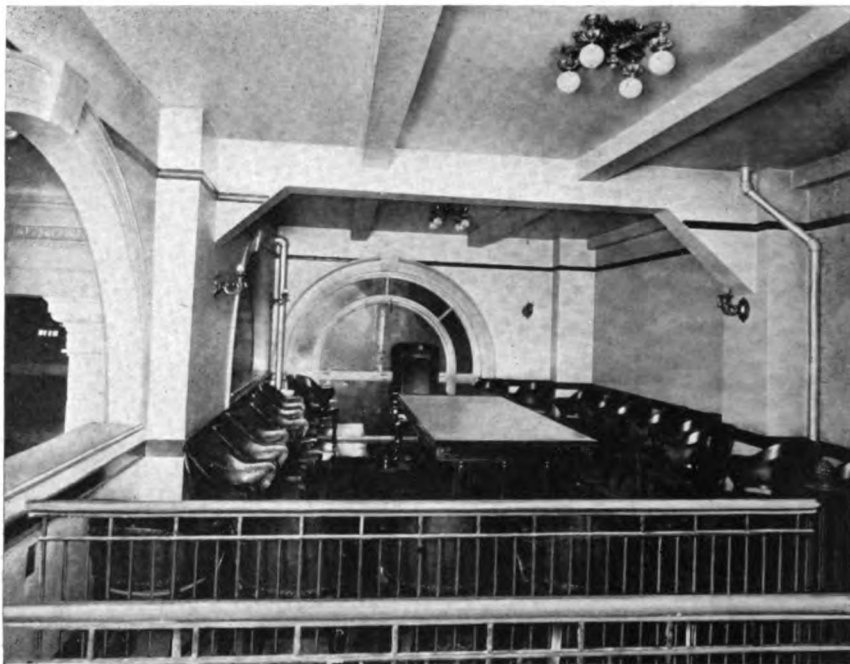
LOOKING DOWN THE PUBLIC LOBBY.



PRESIDENT'S OFFICE



CASHIER'S OFFICE



DIRECTORS' ROOM



MONEY AND BOOK VAULTS

It was opened to receive deposits down to and including the figures of June 30, 1911. A more striking presentation of the phenomenal expansion of this Southern bank could scarcely have been devised.

Comfortably housed in commodious, up-to-date quarters, every indication points to the continued growth and prosperity of the Central Bank and Trust Company of Memphis, Tennessee.

AMERICAN BANKERS' ASSOCIATION

THIRTY-SEVENTH ANNUAL CONVENTION AT NEW ORLEANS

AT the Thirty-Seventh Annual Convention of the American Bankers' Association, held at New Orleans, La., November 20 to 24, the principal business was the discussion of the plan of currency reform proposed by Hon. Nelson W. Aldrich, chairman of the National Monetary Commission. The plan was approved by a practically unanimous vote.

J. N. Dolley, Bank Commissioner of Kansas, made a strong plea for adequate recognition of the State banks in any currency or banking legislation that may be enacted by Congress. He also proposed the organization of an association composed of State banks.

EXECUTIVE COUNCIL MEETING

The Executive Council held a long session Monday afternoon. The most important thing was the adoption of a resolution which places the approval of the council on the revised Aldrich plan. The resolution, as officially given out, reads as follows:

"The following resolution was unanimously adopted by the Executive Council and recommended to the convention:

"Resolved, That the American Bankers' Association hereby gives its unqualified approval to the revised plan proposed by the Hon. Nelson W. Aldrich, chairman of the National Monetary Commission, for the establishment of a co-operative agency of all the banks to be known as the National Reserve Association of the United States.

"We are confident that the high purposes actuating the National Monetary Commission assure the working out of the details in accordance with the sound principles stated in the plan, in such a manner as to gain the confidence and support of all classes.

"A sound banking system will benefit the entire community and is therefore non-partisan. We urge Congress to so regard it and to deal with it as an economic question outside the domain of party politics.

"Resolved further, That the officers of the association, together with the currency commission of the American Bankers' Association,

are hereby instructed to submit the association's approval of the principles of the plan to the National Monetary Commission and to the committees of Congress to whom monetary legislation is referred."

The following were elected members of the Council: W. G. Edens, Central Trust Company of Chicago; Nelson N. Lampert, vice-president Fort Dearborn National, Chicago; Joseph W. Wheeler, president First National, Crookston, Minn.; E. J. Bowman, Daly Bank and Trust Company, Anaconda, Mont.

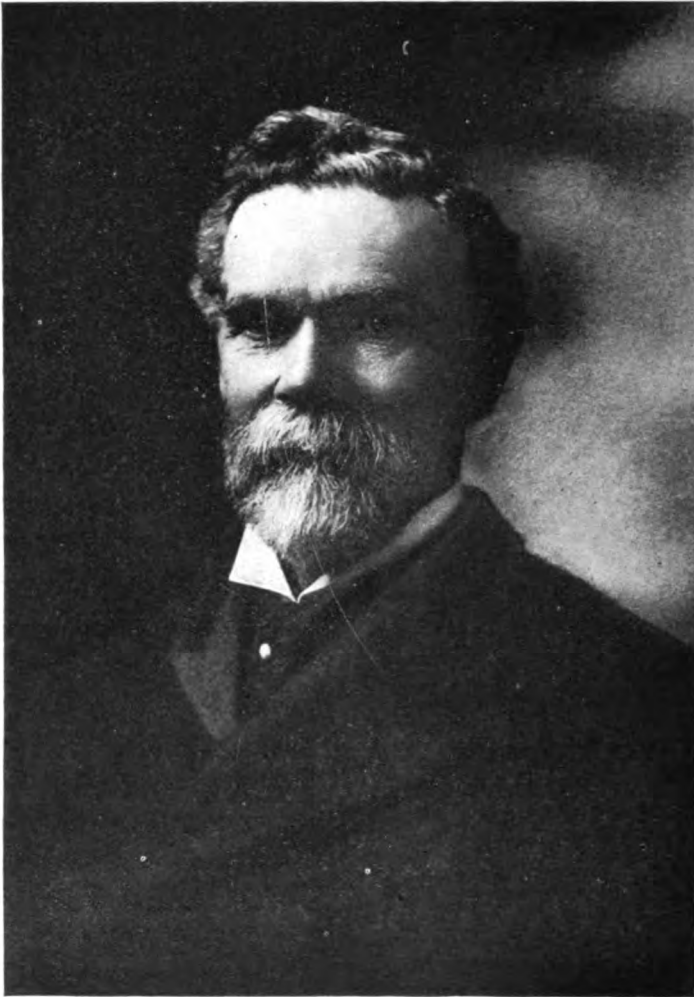
The opening business session was called to order at the Athenaeum at 10 o'clock sharp on the morning of November 21, by the president, F. O. Watts. About 600 delegates of the association and some 1,200 spectators, including many women, were in attendance at the opening, but a still larger crowd came to hear the address of ex-Senator Aldrich, comfortably filling hall and gallery.

Practically every State in the Union was represented by delegations of its leading bankers, grouped around banners upon which were embroidered the names of their respective Commonwealths.

After the invocation pronounced by the Most Rev. James H. Blenk, Archbishop of New Orleans, addresses of welcome were made by the Hon. Jared Y. Sanders, Governor of Louisiana; Mayor Behrmann of New Orleans and President Walmsley of the New Orleans Clearing-House Association, to which response was made by the Hon. Myron T. Herrick, president Society of Savings, Cleveland, O. These addresses, together with the reading of the annual reports of the secretary, the treasurer and other officers of the association, took up most of the morning's session.

PRESIDENT'S ANNUAL ADDRESS

In his annual address, President F. O. Watts described the educational work done in connection with currency reform, and particularly the Aldrich plan, and made a strong plea for non-partisan and non-political consideration of that measure. The report of Secretary Farnsworth showed that



WILLIAM LIVINGSTONE

PRESIDENT DIME SAVINGS BANK OF DETROIT, NEWLY ELECTED PRESIDENT AMERICAN BANKERS' ASSOCIATION

there had been an increase of over 1,000 in membership in the association during the year. According to his figures New York leads all other States with membership.

The leading feature of the day's proceedings was ex-Senator Aldrich's address on the "Proposed Monetary Plan." The former Senator was cheered for five minutes when he rose to speak, and the bankers gave him a rising vote of thanks for his active interest in the work of monetary reform when he finished. In his speech Mr. Aldrich announced that any wise and legitimate amendments that may yet be

suggested to the National Monetary Commission's revised plan would be accepted by the commission. He pleaded for the elimination of politics in the consideration of the subject, and expressed confidence in the early passage of remedial legislation.

At the afternoon session the delegates began consideration of proposed amendments to the constitution. A warm debate followed a proposed amendment providing for the election of six members to the Executive Council from the membership at large, two being selected each year until a total of six is added to the council.

President Watts spoke in behalf of the amendment, but it was lost by a large vote. Likewise the McNider amendment, providing for the elimination of all officers of the association after one year of service, was defeated by a large vote.

The discussion that arose over the adoption of proposed amendments to the constitution of the association greatly delayed the carrying out of the day's program. As a result two important addresses which were to have been delivered at the afternoon session had to be postponed until the following day's session.

The evening's reception at the Country Club in honor of the visiting delegates and ladies attending the bankers' convention was a brilliant success, and the fete champetre at City Park, in connection with it, was one of the most attractive open air events ever held in the park. The park was well filled with thousands who gathered to witness the grand illumination and fireworks, and the spacious galleries and

Gould Schurman, of Cornell University, who, taking the public's side, so far as viewpoint goes, spoke of "Public Opinion on the National Reserve Association."

President Schurman denounced the exist-



CHARLES H. HUTTIG
PRESIDENT THIRD NATIONAL BANK OF ST.
LOUIS, NEWLY ELECTED VICE-PRESIDENT
AMERICAN BANKERS' ASSOCIATION

rooms of the Country Club were literally packed with those who attended the reception.

SECOND DAY'S SESSION

The principal address at Wednesday's session was delivered by President Jacob



ARTHUR REYNOLDS
PRESIDENT DES MOINES NATIONAL BANK, DES
MOINES, IOWA, MADE CHAIRMAN EXECUTIVE
COUNCIL, AMERICAN BANKERS'
ASSOCIATION

ing banking system, and placed banking reform above trust regulation and tariff revision in importance for the good of the country.

James B. Forgan, president First National Bank, Chicago, spoke on "The Mobilization and Control of the Reserves of the Country." In his opinion the proposed plan for a National Reserve Association would place the banking and currency system of the United States in the front ranks of those of the leading nations of the world.

In the course of his address on "Rediscounts and Book Credits," George M. Reynolds, president Continental & Commercial National Bank, Chicago, strongly urged the National Reserve Association plan of stabilizing credit and making the country's enormous cash reserves an insurance against credit panics.

Joseph G. Brown, president Citizens' National Bank, Raleigh, N. C., discussed the

Aldrich plan from the farmers' standpoint in his address on "The Needs of the Farm and Its Benefits from the National Reserve Association."

At the afternoon session Frank B. An-



FRED. E. FARNSWORTH

RE-ELECTED GENERAL SECRETARY AMERICAN BANKERS' ASSOCIATION

derson discussed the "Relation of the National Reserve Association to the Foreign Trade and Banks and the World's Financial Center." Mr. Anderson objected particularly to the fact that the proposed plan does not give the association authority to go into the open market and buy commercial paper in order to make its discount rate effective. He cited the Bank of England and said the reverse was true in its case.

Mr. Aldrich denied this and cited authorities of the Bank of England to back up his contention.

Other addresses in favor of the plan were delivered by the Hon. Arsene P. Pujo and the Hon. L. P. Padgett, both members of the National Monetary Commission.

The National Association of Supervisors of State Banks held their fourth annual convention, meeting on Monday and Tuesday, but failed to give any indorsement of the Aldrich plan before adjourning. The association elected the following officers for the ensuing year: J. L. Mohundro, of

Seattle, president of the association; F. E. Roberts, of Des Moines, Ia., secretary and treasurer; R. M. Scammon, of New Hampshire; E. Royse, of Omaha, and W. L. Young, of Baton Rouge, La., vice-presidents; F. L. Baxter, State Superintendent of Banks of Ohio, chairman of the executive committee.

Much of the afternoon and evening was given over to social features. There was an automobile ride in which several hundred machines loaned by citizens were used for the ladies. A polo game at Audubon Park, the old exposition grounds, drew a large crowd. In the evening there was a grand ball at the French Opera House.

SECTION MEETINGS

On Thursday the several sections of the American Bankers' Association held their meetings and elected officers, the general convention having adjourned for that purpose.

The savings bank section was in charge of President Edward L. Robinson.

The feature of the meeting was a symposium on savings bank auditing, conducted by the Hon. A. B. Chapin, Bank Commissioner, Boston, Mass.

W. F. Keyser, secretary Missouri Bankers' Association, presided over the meeting



ALFRED L. AIKEN

NEWLY ELECTED PRESIDENT OF THE SAVINGS BANK SECTION

of the State secretaries' section. An address was made by Mrs. Helen M. Brown, secretary of the Michigan Bankers' Asso-

ciation, and the only woman delegate in the convention.

E. B. Fancher, of Cleveland, conducted the meeting of the clearing-house section. In the afternoon the delegates and guests made an excursion by three boats to the Kenilworth Sugar Plantation below the city and there witnessed the process employed in grinding sugar cane.

With only one dissenting voice the assembled delegates on Friday indorsed the Aldrich plan for currency reform, the convention thus voicing the confidence in the National Monetary Commission. The resolution indorsing the central bureau for the validation of cotton bills of lading went over to the next convention.

The slate of the Nominating Committee went through as offered, William Livingstone, president Dime Savings Bank, Detroit, being elected president of the American Bankers' Association; Charles H. Huttig, president Third National Bank, St. Louis, was elected vice-president; J. Fletcher Farrell, vice-president Fort Dearborn National Bank of Chicago, was made treasurer, and Arthur Reynolds, president

Des Moines National Bank, Des Moines, Ia., was elected chairman of the Executive Council.

In the trust company section, F. H. Fries, president Wachovia Bank & Trust Co. of Winston-Salem, N. C., was elected president; William C. Poillon, New York, vice-president; E. H. Goff, Cleveland, O., chairman of the Executive Council, and Philip S. Babcock, secretary.

The newly elected officials in the savings bank section are: President, Alfred L. Aiken, Worcester, Mass.; vice-president, R. C. Stephenson, South Bend, Ind.; chairman of the Executive Committee, J. F. Sartori, Los Angeles, Cal.; secretary (re-elected), William H. Kniffin.

Detroit was chosen as the meeting place of the next annual convention of the association, the date to be announced later.

The January issue of THE BANKERS MAGAZINE will contain extracts from a number of the papers read at New Orleans.

SUDDEN DEATH OF PITTSBURGH BANKER

THE death of Thomas W. Welsh, Jr., vice-president of the Second National Bank of Pittsburgh, while on his return from the convention of the American Bankers' Association held at New Orleans the week of November 20, brought the trip to a sad termination for his many friends in the association. Mr. Welsh was stricken with ptomaine poisoning on his way home, his condition becoming so serious as to necessitate his removal from the train near Cincinnati, at which place he died on November 26 at the Sinton Hotel. Mr. Welsh had been connected with the bank since 1876, and had been made a vice-president in October, 1904, having prior

to that been cashier. In recording the esteem in which he was held by his associates, the management of the institution also sets out in its memorial the attributes, notably his kindly and modest manner, which served to endear him to those among whom he was known.

James M. Young has been chosen to succeed Mr. Welsh in the vice-presidency of the Second National. Mr. Young will also continue as cashier, which office he has held since 1904, when he was promoted from the assistant cashiership. Two new assistant cashiers were also named this week.—George A. Stephenson and Harry D. Ramsay.

A WINTER CRUISE TO THE ORIENT

THERE is evidence in New York shipping offices that the Turko-Italian imbroglio will not only keep back any one who has planned his winter holidays to include the sunny Mediterranean, but rather increases the interest of tourists in this great "holiday region."

Heavy bookings are reported in connection with the fourteenth annual Clark Cruise by the steamer "Arabic," which is probably the best barometer of travel conditions.

The actual warfare is off the track of

the American winter visitor, who usually covers Spain, Algiers, Greece, the Holy Lands and Egypt, together with Southern Europe in his travels.

A steamer especially reserved for American tourists, like the "Arabic" on her cruise, is most reassuring to the timid who prefer not to mingle with the native element traveling locally on the steamers in the regular services.

This yacht-like service insures protection from epidemics, wars or complications of any kind.

BANKING AND FINANCIAL NOTES



Merchants National Bank

RICHMOND, VA.

Capital - - - \$200,000
Surplus and Profits, 1,000,000

This bank is the largest depository for banks between Baltimore and New Orleans. It is Virginia's most successful National Bank. It has the best facilities for handling items on the Virginias and Carolinas. Collections carefully routed.

Correspondence Solicited

Control of Plaza Bank of New York Passes.

Control of the Plaza Bank, which is one of the pioneer banking institutions in the Fifth avenue residential district, has passed to interests identified with the Union Trust Company. No actual merger is to be made. The Union Trust Company is one of the oldest and largest trust companies in New York, and during the panic was made the depository of the cash and securities which the trust company interests, with the assistance of John D. Rockefeller, got together for the relief of the situation.

The Plaza Bank, which was established in 1891, occupied for twenty years the small building at Fifth avenue and Fifty-eighth street. The bank's business has grown beyond the capacity of the old banking rooms, and it has just taken a lease of the large ground floor offices fitted up a few years ago for the Van Norden Trust Company at the Sixtieth street corner.

The Union Trust Company has an uptown. It is said that ultimately the ex- and Thirty-eighth street and has contemplated establishing a branch further uptown. It is said that ultimately the exchange of interests in the stocks of the two institutions would probably bring about the combination of the Plaza Bank with the uptown interests of the Union Trust Company.

The Union Trust Company on September 29 showed capital, \$1,000,000; surplus, \$7,940,000, and deposits of more than \$54,000,000. Edwin G. Merrill is president and the members of the executive committee are H. Van Rensselaer Kennedy, W. Emlen Roosevelt, N. Parker Shortridge, Charles H. Tweed, James Speyer, William Woodward, Walter P. Bliss and Frederic de P. Foster.

The last published statement of the Plaza Bank shows capital, \$100,000; surplus, \$475,000, and deposits, \$5,000,000. W. McMaster Mills has been president of the Plaza Bank since January, 1896, and its directors are John Jacob Astor, B. Beinecke, John F. Harris, Richard Delafield, Frederic de P. Foster, C. W. Parson, Charles Scribner, Fred Sterry, Alfred G. Vanderbilt and Thomas F. Victor.

Old Colony Trust Company, Boston.

For the convenience of its women depositors the Temple place branch of the Old Colony Trust Company of Boston has installed a teller's cage on the second floor as a part of the group of rooms devoted to women. No woman is obliged to deposit or draw money on the second floor if she finds it more convenient to do so on the first floor, where the men also transact their

ASSETS REALIZATION COMPANY

CAPITAL, - \$10,000,000

Will loan on security requiring special investigation or close supervision, and not available for bank loans. Large enterprises financed. Prompt investigation of security offered, whatever its character or location.

CORRESPONDENCE INVITED

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25 Broad Street

PHILADELPHIA
Lafayette Building

CHICAGO
First National Bank Building

THE UNION TRUST COMPANY OF PITTSBURGH

IS the strongest institution of its kind in the United States. Its surplus exceeds its capital 18 times. These wonderful results are due to the able management of its officers and directors, and the widespread confidence it has gained throughout the entire country.

OFFICERS

HENRY C. McELDOWNEY, President.	SCOTT HAYES, Treasurer
ANDREW W. MELLON, Vice President.	JOHN A. IRWIN, Secretary
JAMES M. SCHOONMAKER, Vice Pres.	WILLIAM I. BERRYMAN, Trust Officer

DIRECTORS

Edmund C. Converse	James H. Lockhart	H. C. McEldowney
John B. Finley	J. Marshall Lockhart	David E. Park
Henry C. Fownes	Thomas Lynch	Henry Phipps
William N. Frew	Andrew W. Mellon	Henry R. Rea
Henry C. Frick	Richard B. Mellon	William B. Schiller
Benjamin F. Jones, Jr.	Thomas Morrison	J. M. Schoonmaker
Philander C. Knox		George E. Shaw

Capital and Surplus **Twenty Nine Million Dollars**

Franklin National Bank

Capital

\$1,000,000

Surplus and

Undivided Profits

\$2,837,000



President
J. R. McALLISTER
Vice-President
J. A. HARRIS, Jr.
Cashier
E. P. PASSMORE
Assistant Cashier
L. H. SHRIGLEY
Assistant Cashier
J. WILLIAM HARDT
Foreign Ex. Dept.
WILLIAM WRIGHT
Manager

Invites the Accounts of Banks, Bankers, Corporations, Mercantile Firms and Individuals

Travelers' Letters of Credit and Commercial Credits Issued
Foreign Exchange in all its Branches

DIRECTORS

SAMUEL E. BODINE
THOMAS DEWITT CUYLER
GEORGE H. FRAZIER
WILLIAM F. HARRITY
EDWARD B. SMITH
HENRY TATNALL

J. RUTHERFORD McALLISTER
FREDERICK L. BAILY
EFFINGHAM B. MORRIS
EDWARD T. STOTESBURY
PERCY C. MADERIA
JOHN B. THAYER

ELLIS P. PASSMORE
J. A. HARRIS, Jr.
J. HAMPTON BARNES
MORRIS L. CLOTHIER
C. S. W. PACKARD
CHARLTON YARNALL
W. W. ATTERBURY

Organized as a patriotic duty
Continued in the interests of its depositors, stockholders
and the community
Conducted in accord with high standards of stewardship

THE
First National Bank
OF PHILADELPHIA

J. TATNALL LEA,
President.

WM. A. LAW,
1st Vice-President.

KENTON WARNE,
2d Vice-President.



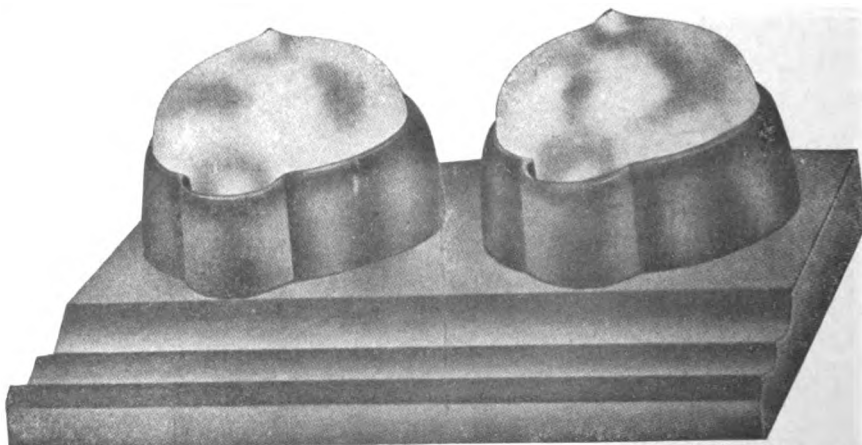
THOMAS W. ANDREW,
Cashier

CHARLES H. JAMES,
Asst. Cashier

FREAS B. SNYDER,
Asst. Cashier

HARRY J. HAAS,
Asst. Cashier

Capital & Surplus, \$3,000,000



This cut shows two inkwells, for black and red ink, with double base plate. We can also supply single base plate for use with one inkwell, in style similar to above

This Pneumatic Inkwell Saves Money

It makes writing a pleasure by keeping ink clean, and free running—by making your ink last longer—saving constant refilling.

ECLIPSE PNEUMATIC INKSTAND FOR BANKS

insures clean work—neat books; in the lobby for public use—it will prevent soiled fingers and spattering of ink on marble, tile or floors. Preventing evaporation and thickening, it will save a heavy percentage of your ink bills, paying for itself many times over in the ink it will save.

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When you get ready to open another BUFFALO account, or if you desire any additional banking facilities, please bear in mind that the Bank of Buffalo is conducted on sound banking principles.

You cannot afford to have your banking done on any other basis. Try our BUFFALO service.

WE INVITE YOUR ACCOUNT

BANK OF BUFFALO

BUFFALO, N. Y.

Capital and Surplus, \$1,000,000

Total Resources Over \$10,000,000

ELLIOTT C. McDOUGAL, President
LAURENCE D. RUMSEY, Vice-Pres't

JOHN L. DANIELS, Cashier
RALPH CROY, Asst. Cashier

bank business. But instead of waiting in line on the first floor she may, if she desires, go to the second floor, where only women are allowed. The paying teller and the receiving teller are women.

Boston Notes.

Arthur B. Silsbee, president of the Merchants' National Bank of Boston, has made known to the directors his intention to retire at the annual meeting in January. It is reported that Eugene V. R. Thayer will probably be named as his successor.

Henry Hornblower, of Hornblower & Weeks, has been elected a director of the Commonwealth Trust Company.

Edwin F. Atkins has been elected to succeed E. V. R. Thayer as a director of the Second National Bank.

Three California Banks Merged.

Three banks of Pasadena, Cal., the Union National Bank, the San Gabriel Valley Bank and the Union Savings Bank, have been merged into one, under the name of the Union National Bank of Pasadena.

The capital stock will be \$150,000. The officers chosen are: H. I. Stuart of the Union National, president; Frank C. Bolt, chairman of the board, and E. H. Groensnycke, cashier.

The combined resources of the three institutions are placed at \$5,000,000.

Seattle Clearing House to Reorganize.

A new set of by-laws for the Seattle Clearing House are now being drafted and will be submitted to the association at an early date. One of the new regulations will provide for the appointment of a local clearing-house examiner. There seems to

be some doubt among local bankers as to the advisability of appointing such an official and the proposal may be defeated when a final vote is taken on the new rules and regulations. The old rules are said to be antiquated in some spots. No radical changes aside from the examiner are contemplated.

From Banker to County Treasurer.

Charles W. Minesinger, assistant cashier of the Fletcher-American National of Indianapolis, has tendered his resignation, effective December 1, to become deputy treasurer of the county. Mr. Minesinger has been in the banking business in Indianapolis for about eighteen years. He served with the old Fletcher bank for a number of years, and later joined the American National as assistant cashier, serving in that capacity at the time of the merger of the two big banks, more than a year ago. Following the consolidation, Mr. Minesinger acted as assistant cashier.

CLARK'S

S. S. ARABIC (10,000 tons) February 8, From N. Y., \$100 up-ward. Everything Strictly First Class

GRAND 71 DAYS' TRIP BY SPECIALLY RESERVED MAMMOTH

February 8, From N. Y., \$100 up-ward. Everything Strictly First Class

ORIENT

The Grandest of all Winter Trips

Including MADEIRA, SPAIN, ALGIERS, GREECE, TURKEY, THE HOLY LAND, EGYPT, THE NILE, ITALY, THE RIVIERA, ETC. ROUND THE WORLD SIX MONTHS' TOUR LEAVES JANUARY 20. 20 Good Trips to Europe at \$300 up.

FRANK C. CLARK, 1475 Broadway, New York

THE GARFIELD NATIONAL BANK

Fifth Avenue Building
Corner Fifth Ave. and Twenty-Third Street
NEW YORK

CAPITAL
\$1,000,000

SURPLUS
\$1,000,000

OFFICERS

RUEL W. POOR, President
JAMES McCUTCHEON, Vice-Pres.
WILLIAM L. DOUGLASS, Cashier
ARTHUR W. SNOW, Asst. Cash.

DIRECTORS

James McCutcheon **Samuel Adams**
Charles T. Wills **William H. Galsbome**
Ruel W. Poor **Morgan J. O'Brien**
Thomas D. Adams

New Bank Organizes in Richmond, Va.

The Bank of Savings and Trusts has been permanently organized with a capital stock of \$300,000 and the election of H. R. Pollard as president and W. J. Whitehurst and S. T. Beveridge as vice-presidents. The other officers will be elected later.

The stockholders have elected the following directors: W. J. Whitehurst, S. T. Beveridge, W. J. Gilman, John T. Wilson, H. S. Wallerstein, William Miles Gary, John L. Satterfield, T. C. Walford, John Bagby, Joseph P. Brady, Raphael Levy, W. H. Adams, H. W. Rountree, W. Conaway Sanders, W. S. Forbes, W. B. Best, Richmond Moore, Maurice A. Powers, Hill Montague and H. R. Pollard, Jr.

No location has as yet been selected for the new institution, but this is one of the many details now being arranged by the directors. It is hoped to have the bank open for business on or before January 1, 1912.

Ohio Bank Makes Changes in Officers.

Paul H. McElevey, assistant trust officer of the Dollar Savings Bank of Youngstown, O., has been elected secretary and treasurer of that institution to succeed E. Mason Wick, resigned. Wells L. Griswold is elected trust officer of the company to succeed R. E. Cornelius, resigned, and Denick M. Wick is promoted to be first assistant secretary. Charles Ephraim is made manager of the bond department, with Joseph McCurdy for his assistant.

Texas Trust Co. Amends Charter.

The San Antonio Loan & Trust Company of San Antonio, Texas, has filed an amendment to its charter limiting its operations to a general fiduciary and depository business. The company was organized in 1892 and has a capital of \$100,000; surplus, \$8,000, and deposits of \$2,129,050. C. W. Breckenridge is president and T. D. Anderson, cashier.

New Department in Memphis Bank.

The United States Trust and Savings Bank has established a title guaranty bond and mortgage department. A. E. Cameron, who for the past seventeen years has been the manager in Memphis for the Middlesex Banking Company, will manage the new department, and Caruthers Ewing will be the leading counsel.

Mellon National of Pittsburgh Increases Surplus.

The surplus fund of the Mellon National Bank is now \$1,600,000, having just been increased by the addition of \$200,000 from the undivided profits.

New Trust Company in Camden, N. J.

The sixth trust company in Camden was launched when the Merchants' Trust Company, which was recently granted a charter by State Banking Commissioner Lewis, filed articles of incorporation. Its capital stock is \$100,000. The incorporators, with their respective holdings, are: Charles A. Reynolds, 214 shares; Edwin G. C. Bleakley, 100 shares; David A. Henderson, 25 shares; William G. Moore, 250 shares; Francis B.



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handling of
items and low rates
appeal to you send
us your BUFFALO
BUSINESS**

Capital - - - \$300,000.00
Surplus and Profits - - - 390,000.00
Deposits - - - 5,800,000.00

A. D. BISSELL, President
C. R. HUNTLEY, Vice-President
E. J. NEWELL, Cashier
HOWARD BISSELL, Asst. Cashier
C. G. FEIL, Asst. Cashier

BINDERS AND BLANKS

OF UNIFORM EXCELLENCE

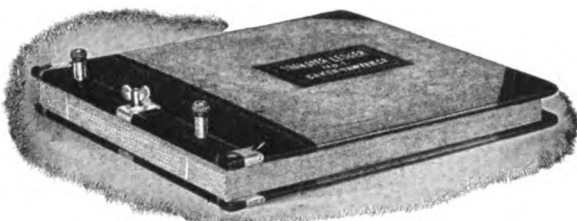
FOR ALL DEPARTMENTS OF BANK ACCOUNTING



CHICAGO

BAKER-VAWTER COMPANY

HOLYOKE, MASS.



Wallen, 30 shares; Henry B. Cole, 100 shares; John A. Flick, 31 shares; David B. Jester, 10 shares; Charles Boyer, 100 shares; Isaiah Hatch, 100 shares, M. Bergen Stone, 100 shares.

The new bank will be opened about January 1 and will have Charles A. Reynolds of the Keystone Leather Company, for its first president.

Oldest Trust Company in Boston.

The last statement of the New England Trust Company (the oldest trust company in Boston) to the Board of Commissioners of Savings Banks, serves to direct attention to the size of the institution. On September 1, the date of this report, the deposits of the company were \$26,447,561, surplus and undivided profits amounted to \$2,588,174, exclusive of \$1,000,000 capital, while cash in banks and office was \$10,081,441, and aggregate resources stood at \$30,075,735. Its deposits are the largest of any trust company in Massachusetts with one exception, and are said to be the largest of any company that has not entered into consolidation proceedings with others.

The company carries a reserve of twenty-five per cent., as required of national banks, although the Massachusetts law calls for only twenty per cent. Separate from its \$26,447,561 deposits of general accounts, the trust department of the New England Trust Company has in its care over \$18,000,000 of trust funds under wills and special agreements, which is stated to be the largest amount held by any company in Boston. The executive staff includes: David R. Whitney, president; Alexander Cochrane and George Wigglesworth, vice-presidents; James R. Hooper, actuary; Henry N. Marr, secretary; Frederick W. Allen, treasurer and assistant secretary; Thomas E. Eaton, assistant treasurer; Francis R. Jewett, trust officer, and Charles E. Nott, manager safe deposit vaults. William Endicott, of Kidder, Peabody & Co., is chairman of the board of directors.

Emory W. Clark Heads First National Bank of Detroit.

Directors of the First National Bank of Detroit have elected Emory W. Clark president of that institution as the successor to John T. Shaw, who died recently from injuries sustained in an automobile accident in Ohio. Mr. Clark has been vice-president and a director of the First National Bank since his connection with it began in 1904.

His father, Lorenzo E. Clark, whom he succeeded, has been associated with the bank in an official capacity since its organization during more than forty years; his grandfather, Myron H. Clark, formerly Governor of New York, was one of the bank's founders, and his mother's father, Alanson Sheley, served twenty-six years as one of the bank's directors.

Emory W. Clark is a vice-president and director of the Security Trust Company of Detroit, a director of the Home Savings Bank, of the Detroit & Cleveland Navigation Company, of the Windsor Trust Company, New York; a trustee of the Mutual Life Insurance Company, New York, and a vice-president, director and member of the finance committee of the General Motors Company.

The First National Bank dates back to the State Bank of Michigan, which was the first bank organized under the Michigan general bank law of 1838, and which began

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Facts as to Capitalization and Valuation of Property

In view of erroneous statements which have been published in connection with the recent decision of the Court of Appeals, the following facts are stated for the information of the securities holders.

The existing capitalization of the old company to be readjusted on the reorganization and the actual investment in the enterprise are as follows:

- | | |
|---|--------------|
| 1. Capital stock issued at par for cash | \$15,995,800 |
| 2. Consolidated Four Per Cent. Mortgage Bonds issued for fully
99 per cent. of face value in 1900-1903 in connection with
electrification of road and subsidiary lines, etc. | 37,560,000 |
| 3. Receiver's certificates issued at par | 2,500,000 |

Making a total of present outstanding securities of....\$56,055,800

There is an underlying issue of \$5,000,000 First Mortgage five per cent. Bonds outstanding which is not affected by the reorganization.

In addition to the above, most of the net earnings since the appointment of the receiver in January, 1908, have been expended on the property, and its condition and operating efficiency to-day are better than they ever have been.

To the above actual investment of\$56,055,800
should be added:

- | | |
|---|-----------|
| 1. Accrued interest on Consolidated Bonds to January 1, 1910,
as adjudged by U. S. Court | 4,324,680 |
| 2. New cash to be contributed by stockholders (after deducting
receiver's certificates) | 4,700,000 |

Total\$65,080,480

As against outstanding securities amounting to \$56,055,800, and an actual investment with accrued interest of \$65,080,480, as above, the plan of reorganization provides for the issue of the following securities:

- | | |
|---|--------------|
| 1. New Refunding Four Per Cent. Bonds | \$15,790,000 |
| 2. New Adjustment Income Bonds..... | 22,536,000 |
| 3. New Stock | 16,590,000 |

Total\$54,916,000

The dividends on the stock since 1864 have averaged only 5.2 per cent. and during the past twenty years have averaged less than 2 per cent. Most of the capital (\$8,995,800) has been contributed in cash since 1895, and the dividends thereon from 1895 to 1907 averaged 3.18 per cent., and have been nothing since 1907. The Consolidated Bondholders have received no interest since the July 1, 1907, coupon.

The capital expenditures made by the Third Avenue Railroad Company, as shown by its unimpeached books of account and sworn reports, including expenditures by the receiver and current assets and cash in his hands February 28, 1910, were proved to have been \$68,954,593, or more than \$9,000,000 in excess of the proposed new capitalization and said outstanding First Mortgage Bonds. To the figures of February 28, 1910, should be added accumulated net earnings for nearly two years.

The cost of reproducing or duplicating the properties of the Third Avenue Railroad System was shown by competent evidence to be over \$58,000,000, without any allowance whatever for the value of the franchises (which could not be now duplicated on as favorable terms) or for the value of the property as a completed system and going concern.

The uncontradicted proof in the proceedings before the Commission showed that the actual depreciation did not exceed \$2,500,000 (the greater part of which has already been made up by the receiver), but the Commission allowed for theoretical depreciation the sum of \$11,807,691.

The net earnings of the Third Avenue System since July 1, 1908, after deducting interest on underlying securities and taxes, have been as follows, as shown by the receiver's reports filed with the Commission:

- | | |
|--|-------------|
| For the year ending June 30, 1909..... | \$1,353,923 |
| For the year ending June 30, 1910..... | 1,871,385 |
| For the year ending June 30, 1911..... | 2,123,670 |

The receiver further states that the net earnings since July 1, 1911, show an increase over the corresponding period of last year of \$170,000, or an average increase of \$35,000 per month. He estimates that the increase during the present fiscal year, if continuing at the present rate, will be equal to about \$400,000, as against the estimate in his testimony of \$200,000.

New York, November 27, 1911.

JAMES N. WALLACE,
Chairman Bondholders' Committee.

business in 1839 with a capital of \$50,000. The stockholders and directors, all New York men, were Myron H. and Lorenzo E. Clark, Theodore P. Hall, Samuel C. and Fred F. Thompson.

The First National Bank, the ninety-seventh established after the beginning of the Federal banking system, February 25, 1863, was organized in September, 1863. The State Bank of Michigan acquired stock control of the institution in December, 1864, and a reorganization followed, in which Samuel P. Brady was elected president; Lorenzo E. Clark, vice-president, and Emory Wendell, cashier.

The office of vice-president probably will be left open until the bank's annual meeting the second Tuesday in January.

Merchants' Loan & Trust Company, Chicago, Enlarges Quarters.

On account of the large growth in its business during the last few years the trust department of the Merchants' Loan & Trust Company, Chicago, has found it necessary to move into more spacious quarters and is now established in its new offices on the floor directly above the main banking room of the institution.

The new rooms are equipped with every convenience and facility for the transaction of trust business, and are luxuriously furnished, the fittings throughout being marble and mahogany.

The Merchants' Loan & Trust Company is the oldest bank in Chicago, having been in continuous operation since 1857; the trust department was organized January 1, 1901, and has since been in charge of Leon L. Loehr as secretary and trust officer.

Evansville, Ind., Bank to be Absorbed.

The Evansville Trust and Savings Company of Evansville, Ind., which for years



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has done business at Main and Third streets, will be merged with the Mercantile Trust and Savings Company. Charles Finley Smith, formerly of Indianapolis, is president of the Mercantile Trust and Savings Company, which has a capital stock of \$250,000. The Evansville Trust & Savings Company has a capital stock of

Capital - \$6,000,000

Surplus - \$6,000,000



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L. K. WISE, Assistant Cashier

The Merchants-Laclede National Bank

OF ST. LOUIS

Capital - - - - - \$1,700,000.00
Surplus and Undivided Profits \$1,850,000.00

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President Wertheimer-Swarts
Shoe Co.
C. W. WHITELAW,
Pres. Polar Wave Ice & Fuel Co.

\$100,000, and some of the wealthiest men in Evansville are on the board of directors. The bank has always been regarded as one of the most stable financial institutions of the city until the recent arrest and trial of John W. Blauth, former bookkeeper and teller for the company, who was charged with the embezzlement of funds amounting to over \$43,000 from the company.

A. I. B. Dividends.

Addressing the recent meeting of Chicago Chapter, American Institute of Banking, on the topic, "Does the Institute Pay Dividends," F. W. Ellsworth, publicity manager of the Guaranty Trust Company of New York, said:

"As is well known, for the first few years, the Institute had some difficulty in finding itself, in determining just how best to accomplish its purpose. Some of its early members tried to make of it a 'glad hand' organization; others were rather inclined to the club idea, but fortunately still another class believed thoroughly and enthusiastically that the Institute should be just what it started out to be, and so we have it as it is to-day, a great national school of banking and financial education.

"According to a recent issue of 'The Bank Man,' fourteen per cent. of the charter

members of Chicago Chapter are now holding official positions in banks. That's a pretty fair dividend, isn't it? But we can go even further than that on the authority of the same publication, which states that ninety per cent. of Chicago bank officers appointed in the last five years are from the ranks of Chicago Chapter. A commercial business which could pay such a dividend in the same length of time would fill its stockholders' hearts with joy and their pockets with jingling shekels.

"We all know case after case in various banks where men of seemingly ordinary ability and apparently little ambition, have been either enticed or pushed or hauled into chapter work and have developed faculties and abilities which neither they nor any one else has ever supposed existed.

"But I don't want to leave with you the idea that the only dividends worth while are those which come from higher positions or even increased salaries—we all want those, of course. What I do wish to impress upon you is the fact that the very biggest, and broadest, and best dividends which can come to any one of us through our association with the Institute is that dividend which means a better and more thorough knowledge of the business in which we are engaged; which means a broader and more tolerant attitude toward our fellowman; and which means a more intelligent and,

Capital - \$2,500,000.00

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Surplus and Profits - \$1,390,000.00

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therefore, a more loyal and patriotic citizenship."

Macon's New Trust Company.

The Central Trust Company of Macon, Ga., which will operate under the charter granted to the Union Savings Bank & Trust Company and will have a capital of nearly \$1,000,000, is rapidly assuming a definite shape for active operations under the persistent and successful efforts of J. J. Cobb, who it is generally understood, will be the president. Business men of the highest financial and social standing in the community are identified with the inauguration of the institution, and it is confidently believed that with the perfection of a few preliminary details and the election of officers the company will be open for business in the very near future, as a majority of the stock of the company has already been subscribed and paid for.

Chicago Chapter Play a Success.

The drama entitled "Janitress Janet," given by members of Chicago Chapter, American Institute of Banking, at the Ziegfeld Theatre for four days beginning November 8 to 11, met with a tremendous success. Two nights were very rainy and stormy, but nevertheless the seats were nearly all taken. Although the expense was over \$3,400, the receipts were over \$5,000, so there will be a good percentage of profit to go in the treasurer's funds, which is taken care of for the Chapter by John H. Grier, treasurer, and also a star member of the drama.

All those who took part in the play are chapter members.

recommend an increase in the capital stock of the trust company from \$2,500,000 to \$5,000,000. The increase will be effected by capitalizing \$2,500,000 of surplus. A meeting of the stockholders will be held early in December to authorize the change. It will become effective as of December 30, the last business day of this year.

It is the intention to pay ten per cent., or \$500,000, a year in dividends on the increased capital of the First Trust. The institution now pays sixteen per cent., or \$400,000, on \$2,500,000 of capital. The owner of each four shares of First National stock now owns one share of First Trust. After the increase the owner of each two shares of First National will own a share of First Trust.

The \$400,000 in dividends now paid by the trust company amounts to four per cent. on the \$10,000,000 stock of the national bank, and, added to the twelve per cent. paid out of the earnings of the national institution, makes a total of sixteen per cent. a year to holders of First National stock. The ten per cent. to be paid on the \$5,000,000 capitalization which the trust company will have will equal five per cent. on the stock of the national bank and will, in effect, raise its dividend to seventeen per cent.

The First Trust showed \$3,772,000 of surplus and undivided profits in its report as of September 1. After capitalizing \$2,500,000 of that amount there would be left a balance of \$1,272,000 of surplus and profits against \$5,000,000 capital. The First Trust was started eight years ago with \$1,000,000 capital paid out of the surplus of the First National. Its earnings have averaged more than \$650,000 a year from the beginning, and in recent years, with increased business, have been much larger.

Capital Stock of First Trust & Savings Bank of Chicago to be Doubled.

Directors of the First National and the First Trust and Savings Bank of Chicago in special meeting November 10, voted to

New Bank Building at Tampa, Fla.

Bids have been opened and contracts awarded for the new ten-story building for the Citizens' Bank and Trust Company of Tampa, Fla. There were twenty-two con-

The Union National Bank

CAPITAL \$1,600,000

Cleveland, O.

SURPLUS \$900,000

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tracts accepted for the general work to be done on the structure, which, when completed, will cost about \$350,000. Work will commence the first of the year under the supervision of Architect F. J. Kennard, who has been placed in charge of the construction of the skyscraper.

The laying of the foundations will be taken up in March and it is thought that the frame will be completed by April 15, or practically within six weeks from the beginning of the work.

Central Trust Company of Illinois, Chicago, Takes Over Monroe National Bank.

On October 21 the Central Trust Company of Illinois took over the deposit liabilities of the Monroe National Bank of Chicago, at the same time taking over sufficient of its assets to cover the liabilities. The remainder of the assets of the Monroe National Bank of Chicago will be used to liquidate its stock and circulation accounts, which, of course, will require the necessary legal formality.

T. C. Neal, vice-president of the Monroe

National Bank of Chicago, comes to the Central Trust Company of Illinois as a vice-president. Edwin F. Brown, its former president, will become a director. Many of the clerks of the Monroe National will be employed by the Central Trust Company of Illinois.

New Assistant Cashier in National Bank of the Republic, Chicago.

Directors of the National Bank of the Republic have elected W. S. Bishop an assistant cashier. Mr. Bishop has been with the bank several years as chief clerk and before going there was assistant cashier of the First National Bank of Duluth.

Harry C. Robinson, Cashier Southbridge (Mass.) National Bank.

Mr. Robinson, the subject of this sketch, entered the Atlantic National Bank of Boston in 1890 as general clerk, and remained there in various capacities until 1898, when he entered the employ of the Hamilton National Bank as discount clerk.

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While there, the Hamilton was merged with eight other banks into the National Shawmut Bank of Boston. A new National Hamilton Bank was organized and Mr. Robinson remained with them as discount clerk and receiving teller until about 1903, when the bank was merged with the Fourth National Bank of Boston. He served in this institution as assistant receiving teller, receiving teller and assistant paying teller until December, 1905, when he associated

ager of the Southbridge National Bank of Southbridge, Mass.

Change in Holland, Mo., Banking Co.

Controlling interest in the Holland Banking Company of Holland, Mo., the oldest institution of its kind in Southwest Missouri, has passed to W. B. Sanford, who has been cashier for thirty-two years. The company was organized in 1875 by the late Gen. C. B. Holland and up to the present time has been under the management of his son, H. B. Holland. The change marks the first transfer of the bank's stock since its organization.

W. H. Kniffin, Jr., Goes to Syracuse.

On January 1, W. H. Kniffin, Jr., cashier of the Home Savings Bank of Brooklyn, N. Y., secretary savings bank section of the American Bankers' Association and secretary New York Chapter, American Institute of Banking, will become treasurer of the Onondaga County Savings Bank of Syracuse, N. Y., succeeding Clinton T. Rose, who becomes president of the bank at the same time.

Mr. Kniffin is one of the best known banking authorities in the metropolis and has been a regular contributor to THE BANKERS MAGAZINE for several years past. His articles on savings bank topics have been read and studied by bankers all over the country. He was recommended for the Syracuse position by such noted bankers as President Cannon of the Fourth National Bank, Colonel Sprague of the Union Dime Savings Bank and Comptroller Knox of the Bowery Savings Bank of New York City.

The selection of Mr. Kniffin as the new treasurer brings to Syracuse a man who has won recognition among financiers. He has been secretary of the New York Chapter of the American Institute of Banking, which position he has resigned on account of his removal to Syracuse. His resignation does not take effect, however, until February 1.

Mr. Kniffin also held up to November 20 the responsible position of secretary of the savings bank section of the American Bankers' Association.

He has won two prizes in the past few months for essays on financial topics, one being offered by President Cannon of the



HARRY C. ROBINSON

CASHIER SOUTHBRIDGE (MASS.) NATIONAL BANK

himself with Wm. E. Neal, national bank examiner, as an assistant.

In April, 1906, Mr. Robinson was appointed examiner for the State of Massachusetts by Hon. Pierre Jay, who is now vice-president of the Bank of the Manhattan Company of New York. In May, 1909, he was reappointed by Hon. A. B. Chapin, the present commissioner. During this time he examined savings banks and trust companies and corporation banks. In July, 1910, Mr. Robinson was made chief of the trust company department, with two examiners and six assistant examiners. In this capacity he handled all of the details consequent to the supervision of the trust companies of Massachusetts, some sixty in number.

On October 1, 1911, he entered upon his present position as cashier and active man-





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Fourth National Bank of New York, for essays on the subject, "The Essentials in Granting Credit." The other prize was for a technical paper read at the annual convention of the American Institute of Banking, held in Rochester in September.

Mr. Kniffin is a comparatively young man, but his ability has won him a prominent place. He was chosen secretary of the savings bank section of the American Bankers' Association to succeed the late William Hanhart of Brooklyn, who was president of the Bankers' Life Insurance Company, and one of the founders of the association.

Alexander Dunbar, Cashier Exchange Bank of Pittsburgh.

A pleasing personality, the capacity for a prodigious amount of hard work, to which has been added an unusually broad experience, explains the marked success in the banking world of Alexander Dunbar, cashier of the Exchange National Bank of Pittsburgh.

Born at Steubenville, Ohio, he commenced his banking experience as messenger in the National Exchange Bank of that city, where during the several years he was connected with that institution, he had the opportu-

nity to work in practically every department of the bank, thus gaining an all-around experience that has been a potent factor in his rapid advancement since coming to Pittsburgh.

Desiring to enter a larger field of opportunity, he went to Pittsburgh while still a very young man, to accept a position in the office of the auditor of the Carnegie Steel Company, where he had an opportunity to add much to his knowledge of accounting methods. He resigned his position there to become secretary and treasurer of the Moreland Trust Company of Pittsburgh, when it was first organized. Under his capable administration this company had a very healthy growth, but when the wave of bank consolidations struck Pittsburgh several years ago, this company was absorbed along with others by the Guarantee Title and Trust Company, of which institution Mr. Dunbar was immediately elected secretary and later secretary and treasurer.

He continued in this position until July, 1909, when he was elected cashier of the Exchange National Bank. Bringing to that time-honored institution a practical experience of over eighteen years in every line of banking and backed by a host of friends and acquaintances acquired during that time, he was enabled to show remarkable results from the start, and in less than two

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years the deposits of the bank have been more than doubled.

He has taken an active interest in affairs outside of the bank, and his ability and untiring energy have been recognized from

by the leading bankers of the city. When the new Industrial Commission was recently organized to boost Pittsburgh, he was appointed chairman of the committee of banks and banking, in which connection he has



ALEXANDER DUNBAR

CASHIER EXCHANGE NATIONAL BANK OF PITTSBURGH

time to time in local financial and industrial circles by intrusting to his care matters of considerable importance. Three years ago he was elected president of the Bankers' and Bank Clerks' Mutual Benefit Association of Pittsburgh, an honor highly esteemed and sought after from year to year

already performed yeoman service. He was also selected as a member of the committee recently appointed to represent the Pittsburgh Clearing House in the meeting of the Clearing-House Section at the annual convention of the American Bankers' Association at New Orleans in November.

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New York Personals.

B. D. Caldwell, president of Wells, Fargo & Co., has been elected a director of the United States Mortgage & Trust Company. Mr. Caldwell succeeds William Sproule, who resigns in consequence of his election as president of the Southern Pacific Company, having removed his residence to San Francisco.

Noah C. Rogers has been elected a director of the Columbia Trust Company.

H. I. Stevens has been made assistant cashier of the New Netherland Bank, succeeding Louis S. Brady, who has become a clearing-house examiner.

Howell T. Manson, assistant cashier of the Gallatin National Bank, was elected a trustee of the Dollar Savings Bank, Third avenue and 149th street, on November 2.

Charles R. Gay has resigned as an assistant secretary of the Long Island Loan & Trust Company of Brooklyn, to become associated with the New York Stock Exchange house of H. N. Whitney & Sons.

Lawrence L. Gillespie, formerly vice-president of the Equitable Trust Company, was admitted to membership in the New York Stock Exchange firm of J. S. Bache & Co., 42 Broadway, on November 10. Mr. Gillespie, who is only thirty-four years of age, has taken a prominent part in banking matters since his graduation from Harvard. For nine years he was a vice-president and director of the Equitable Trust Company, and he also served as a member of the executive council of the American Bankers' Association, as well as first vice-president of the Trust Company Section, and chairman of the latter's executive committee. Mr. Gillespie is a trustee of the Greenwich Savings Bank and a director in various other corporations.

New Bank in Sioux City, Iowa.

An application to organize the National Bank of Commerce of Sioux City, capital \$100,000, has been filed with the Treasury Department. James F. Toy, president of

the Farmers' Loan & Trust Company of Sioux City, is interested in the new institution.

First National Bank, Columbus, Ohio.

The semi-annual dividend of five per cent. declared by the New First National Bank of Columbus, Ohio, payable November 1, was accompanied by an extra distribution of five per cent. The regular dividend of five per cent. paid on May 1 was likewise accompanied by an extra five per cent. payment, so that a total of twenty per cent. has been distributed for the year on the \$500,000 capital. With the present dividends the aggregate return to the stockholders since the payment of dividends was begun by the bank amounts to \$704,000.

Changes in Textile National Bank of Philadelphia.

Harry Brocklehurst, lately vice-president of the Textile National Bank of Philadelphia, has become president of the institution. James H. Kerr has been made vice-president.

Montana Bank Changes Location.

R. L. Henderson, cashier of the First State Bank of Kendall, Montana, announces the removal of the bank from the town of Kendall, Montana, to the town of Hilger, Montana.

Second National Bank of New Haven, Conn., to Build.

Hoggson Bros. of New York have been awarded the entire contract to furnish the plans and construct the new business block on the site of the old library for the Second National Bank of New Haven, Conn. All the details have not been settled as yet, but it is planned to build a nine-story structure

Capital, \$1,000,000.00	Earned Surplus, \$1,000,000.00	
JOHN B. PURCELL President	JOHN M. MILLER, JR. Vice-Pres. and Cashier	
FREDERICK E. NÖLTING, 2nd Vice-President		
CHAS. R. BURNETT J. C. JOPLIN W. P. SHELTON ALEX. F. RYLAND	} Assistant Cashiers	

FIRST NATIONAL BANK

OF RICHMOND, VIRGINIA

**BILL OF
LADING DRAFTS
ON RICHMOND A SPECIALTY**

**Strong in resources, conservative
in management, progressive in policy**

of brick and steel, fireproof construction. The owners will occupy the first two floors and the upper floors will be arranged for offices. The building will be provided with steam heat and two passenger elevators will be installed.

New Bank in Dallas, Texas.

The Oak Cliff State Bank & Trust Company of Dallas, Texas, has been chartered with a capital of \$50,000. The incorporators are: J. P. Hatfield, Edward Hobby, George T. Reynolds, W. M. Freeman, R. Y. Simpson, W. M. C. Hill, M. L. Morris, Ray Thomas, J. Edgar Finley and George A. Turner.

National Bank of Cuba.

The National Bank of Cuba has opened a branch at Placetas, a sugar centre of importance in the Santa Clara Province of Cuba. This makes a total of twenty-two branches.

Savings Union Bank of San Francisco.

At the close of the present year, Robert M. Welch, cashier and secretary of the Savings Union Bank of San Francisco, will be relieved of the duties of cashier and promoted to the position of a vice-president. R. B. Burmister, until recently cashier of the Phoenix National Bank of Arizona, will succeed to the position of cashier.

The expanding business of the Savings Union renders necessary an increase of the executive staff and a wider distribution of duties and responsibilities.

Dinner to President Earl of the National Nassau Bank of New York.

On the evening of November 23, officers and clerks of the National Nassau Bank of New York gave a dinner to President Edward Earl in celebration of the completion

of his three years as president of the bank.

Among those present were: J. Christy Bell, vice-president; John Munro, vice-president; W. B. Noble, cashier; H. P. Sturr, assistant cashier; N. D. Alling, assistant cashier; R. M. Bailey, assistant cashier; William Wray, manager of the safe deposit vaults, who has been connected with the bank since it was organized in 1832; Raphael M. Mattison, who was paying teller



EDWARD EARL.

PRESIDENT OF NATIONAL NASSAU BANK OF NEW YORK

DIAMOND
NATIONAL
BANK

DIAMOND NATIONAL BANK

PITTSBURGH, PA.

OFFICERS

WILLIAM PRICE, President
D. C. WILLS, Cashier W. O. PHILLIPS, Asst. Cashier

Bankers should seek
STRENGTH
when selecting a
Reserve Agent
or
Correspondent

Capital - - \$600,000.00
Surplus and Undivided Profits 1,620,330.92

Accounts of Banks,
Bankers, Corpora-
tions, Firms and In-
dividuals cordially
invited.

WRITE

for thirty-five years and retired in 1907, and Thomas H. Harmer, present paying teller, besides several other tellers and heads of departments.

Mr. Alling, after referring to the growth of the bank under Mr. Earl's management said: "The bank already had all of the fundamental attributes of a sound financial institution. But we must look further for the cause of its remarkable expansion during the past few years. The foundation was there, but the man who built upon it had the faculty of calling in a new spirit, of adding the touch of popularity, and by his genial nature of making so many friends that he has brought our institution into great favor."

The story of the bank's progress under Mr. Earl's presidency is strikingly shown in the accompanying figures, giving the capital, surplus, loans, discounts and deposits on the dates named. The National Nassau Bank's statement, 1908 to 1911:

being one of the original members of the Clearing-House Association. It became a national bank in the present year. Mr. Earl's success in increasing the business under his management has attracted attention not only among the banks of New York, but throughout the country generally.

Affiliated Banks of Pittsburgh Render Commendable Statements.

The People's National Bank of Pittsburgh reports deposits of \$13,506,944 as of November 6. It has a fixed surplus of \$1,000,000 and total resources of \$17,415,485. The People's Savings Bank, affiliated with the People's National, has a capital of \$1,000,000, a surplus of \$1,000,000 and total resources of \$12,151,376. It reports total deposits of \$9,949,738, of which \$3,568,612 are subject to check. The Safe Deposit & Trust

THE NATIONAL NASSAU BANK'S STATEMENT—1908 TO 1911.

Date.	Capital.	Surplus.	Loans and Discounts.	Deposits.
Nov. 27, 1908.....	\$500,000.00	\$392,257.40	\$4,614,771.38	\$6,086,122.25
Nov. 16, 1909.....	500,000.00	464,750.13	6,042,537.37	8,130,877.08
Nov. 10, 1910.....	500,000.00	545,965.21	7,129,381.67	9,400,600.66
Nov. 23, 1911.....	500,000.00	627,464.07	9,621,726.41	13,513,853.64

The story told by these figures is certainly remarkable, indicating that President Earl has displayed great ability and energy in promoting the growth of his institution.

The National Nassau Bank is one of the very oldest and strongest banks of the city,

Company, under the same management, has total resources of \$21,877,720, a surplus fund of \$7,500,000 and \$21,350,298 of trust funds invested.

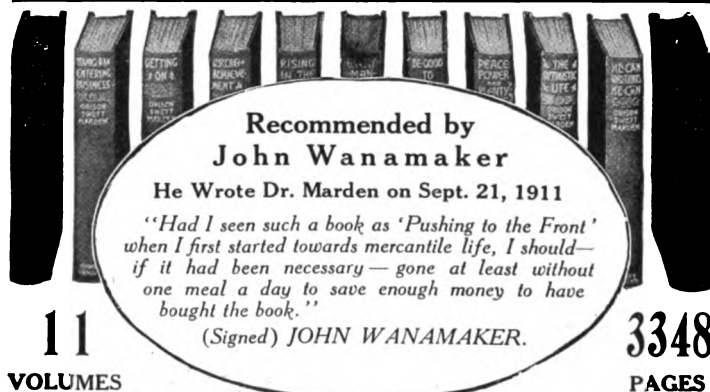
The Uses of an Armored Bank Car.

Reproduced herewith is an illustration showing in detail the interior construction of the armored bank car built for the First Mortgage Guarantee & Trust Company of Philadelphia, Leslie M. Shaw, president, by the Bellamore Armored Car & Equipment Company of 286 Fifth avenue, New York.

The interior arrangement of the banking room includes a large steel safe, which can be built to suit the uses of the bank operating it. A desk or counter extending the full width of the car, under the cashier's

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A Life-Long Holiday Gift for a Few Dollars



Recommended by
John Wanamaker

He Wrote Dr. Marden on Sept. 21, 1911

"Had I seen such a book as 'Pushing to the Front' when I first started towards mercantile life, I should—if it had been necessary—gone at least without one meal a day to save enough money to have bought the book."

(Signed) JOHN WANAMAKER.

11

VOLUMES

3348

PAGES

Marden's Books of Inspiration

THESE inspirational books by Orison Swett Marden show how successful men do things; how they make up for deficiencies in education; how they achieve their aim, double their means, establish their credit, get a foothold in the business world, grasp opportunities, increase their abilities, make an impression on men of affairs—in fact, how they *succeed in life*.

Special Holiday Offer

Two dollars, with this coupon, brings to you the complete Marden Inspirational Library, eleven handsome volumes, over 400 idea-full chapters, 3348 text pages, transportation fully prepaid. Two dollars per month for four months if you select the cloth binding and five months if you prefer the silk edition, pays for this library, complete, and brings you in addition every month for two full years SUCCESS MAGAZINE.

SUCCESS is the national family magazine to which Dr. Orison Swett Marden, its editor and founder, contributes every month one or more inspiring articles. It is famous also for its timely review of events, clean and interesting stories and outspoken editorials on our big American problems.

The regular price of this library, in silk binding, with SUCCESS MAGAZINE is \$15.75 (in cloth binding \$13.00). The silk volumes measure 4 x 6½ inches, popular pocket size, are handsomely bound in green watered silk, with gilt tops; each has a book-mark. The cloth volumes measure 5 x 7½ inches, and are attractively bound in red cloth. Each set is embossed in gilt, illustrated with portraits and printed in large, clear type. With this coupon you will receive SUCCESS MAGAZINE every month for two years (24 numbers) and you get at once the complete Marden Inspirational Library. Here is your chance to learn from the experience of others how to make living more profitable and life more worth while. Send the coupon with two dollars to-day.

This Coupon Saves You \$3.00 or \$3.75

I enclose two dollars. Send me at once, transportation charges fully prepaid, the complete eleven-volume "Marden Inspirational Library," 3348 pages, bound in cloth and enter my name for a full two-years' subscription to SUCCESS MAGAZINE, to include the Christmas Number. I promise to remit two dollars each month until I have paid \$10 for the cloth binding. \$12 for the silk binding.

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The most successful business men, statesmen, professional men, educators and executives have these volumes as part of their permanent libraries. Many of them have purchased hundreds of volumes for presentation purposes to their employees and best friends.

Nearly a million copies are now circulated all over the world, translated into many tongues.

Those who read them are spurred to their highest endeavor, urged forward to bring out the very best and to make of themselves the utmost possible.

Ministers, teachers, educators, orators, writers, professional men find them invaluable as ready reference books, teeming as they are with life stories of the world's great successes. You, too, want them.

There are eleven volumes in this set, each volume complete in itself. The titles are as follows: The Optimistic Life; The Young Man Entering Business; Secret of Achievement; Getting On; Pushing to the Front; Be Good to Yourself; He Can Who Thinks He Can; Peace, Power and Plenty; The Miracle of Right Thought; Rising in the World; Every Man a King.

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Wanted—A Man.

Date.

The Will and the Way.

Rich Without Money.

Choosing a Vocation.

The Man With the Idea.

Decision.

Love as a Tonic.

The Born Leader.

Eight Hundred and Ninety-Six

Kind of Liars.

Be Good to Yourself.

Responsibilities and Power.

Luck, Originality, Initiative.

He Can Who Thinks He Can.

Enthusiasm.

Facts on Common Sense.

Be Brief.

Habit—The Servant or the

Master.

Courage—Self-Control.

A Home of My Own.

Promotion—Health.

Art of Advertising.

Keeping Up With the Times.

Friendship and Success.

System and Order.

Starting on Borrowed Capital.

Salesmanship.

Other Men's Brains.

What Is the Matter With Your

Help?

What Credit Is Based On.

Dollars and Dimes.

Just Getting Along.

Useful Occupation.

Getting a Situation.

Hints to Young Writers.

How to Talk Well.

The Roll Call of the Great.

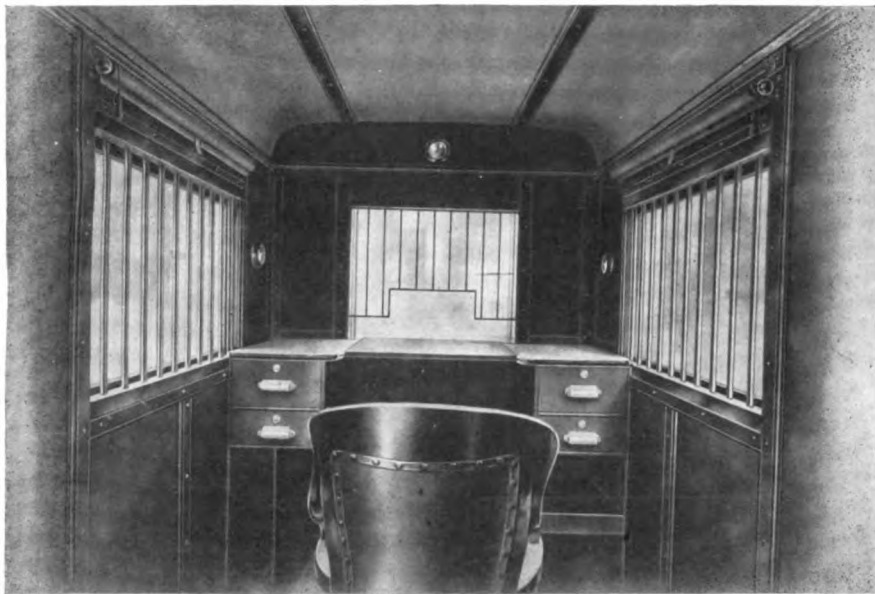
These Are a Few of the
400 Idea-full Chapters

window, contains the money drawers. To the right and left underneath is arranged a series of compartments, which can be used for the storage of books and other articles necessary in the transaction of the business which will be conducted from the car.

The vestibule is so designed as to allow but one person on it at a time. Folding gates opening inwardly are provided at the rear. The platform is approximately fourteen inches from the ground, bringing the customers within easy reach of the cashier's

the car be attacked at any point, either by drilling, wedging, cutting or annealing the steel walls or the steel grille work protecting the windows and partitions, etc., a powerful alarm gong is instantly set in motion, which can be heard at a great distance. The frame work is made of armored wood, re-enforced with a finishing plate of hard wood on the inside.

The linings, constructed of alternate layers of tempered steel, hardened insulating material and electrified plates, are attached



INTERIOR OF ARMORED AUTOMOBILE USED BY THE FIRST MORTGAGE GUARANTEE & TRUST COMPANY OF PHILADELPHIA

window. The roof of the car extends over this vestibule, giving protection from the weather and lending symmetry to the general design of the car.

As shown in the illustration, the cashier's window is located at the back of the car at a convenient height from the floor. Steel shutters electrically protected cover the window on the outside, opening and closing automatically by means of a device operated from the inside of the car. A steel grille is fitted into the window opening, leaving a space of four inches at the lower part, through which business transactions and the handling of money can be made.

Nothing has been overlooked for the perfect protection and safety of the car, its contents and of those who are in charge of the vehicle. The body structure of the car is completely and thoroughly protected by a patent system of electric alarms. Should

to the armored frame. The sides, dividing partition between the two compartments, back and roof, are all constructed in this manner, giving absolute protection and great strength. The floor of the banking room is further re-enforced with a heavy tempered steel plate, lending stability and rigidity to the car. Over this plate is a flooring of hard wood.

The steel grille work protecting the windows and dividing partition between the driver's and banking compartment is of a special construction, which insures absolute protection, instantaneously giving warning of an attack either by cutting, bending or burning.

The car affords the banker the same degree of security as can be found in the strongest burglar-proof vaults built. One of the many devices is an arrangement whereby the car can be locked up and left

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Hexagon shape, with Rubber
Tip, \$4.50; without, \$2.00

Also 10,000 other "Ad."
Novelties. Send for Catalogue.

E. W. FRENCH CO.
NEW YORK

standing without attendance, and should a person other than those in charge of the vehicle attempt to tamper with or operate it, he would not only fail to gain entrance, but immediately set the alarms and warn the owners and the surrounding neighborhood.

Such a car may be used for the collection of heavy deposits, the delivery of pay-roll money to factories, the delivery of large sums of money to customers, the transportation of bullion, the carrying of money and securities between branch institutions and the collection and delivery of valuables for safe deposit.

CANADIAN NOTES

Bank of Montreal.

An interesting and decidedly novel feature of the Bank of Montreal statement is the inclusion of the valuation of the bank's real estate in the report. The accounts now stand at \$4,000,000. The value, however, is given at \$9,088,000, which is composed of

buildings valued at \$4,353,000, and land, \$4,735,000. This is a feature that all banks would do well to adopt in their reports.

Royal Bank Dividend.

The board of directors of the Royal Bank of Canada have declared the regular quarterly dividend of three per cent. on the paid-up capital of the bank for the current quarter. The dividend will be payable on the second of January next to shareholders of record December 15. The dividend is at the rate of twelve per cent. per annum.

Imperial Canadian Trust Company.

The Imperial Canadian Trust Company is the title of a new enterprise in Winnipeg, which has for its officers Capt. William Robinson as president, and for vice-presidents, Hon. D. C. Cameron, Lieutenant-Governor of Manitoba; Sir Gilbert Parker, E. F. Hutchings and D. E. Sprague. W. T. Alexander is the managing director.

It is the intention of the new company to put on the market immediately \$1,000,000 in ordinary shares of \$100 each. Of this amount the directors and their friends have already taken up \$300,000, on the same terms at which it will be issued, that is, at a premium of \$15 per share. The first instalment called for is \$25 per share, or ten per cent., and the amount of the premium. Subsequent half-yearly premiums of \$9 per share have to be made. The directors, therefore, upon the stock they have subscribed, have, in accordance with the terms of the subscription, paid up \$75,000; but a very much larger amount than this has been paid already on the stock subscribed for.

It is the intention, when the present issue of \$1,000,000 is absorbed, to issue \$1,600,000 in five per cent. accumulative preferred stock in the United Kingdom, and the subscribers for this stock will have the option of taking up ordinary shares, for which purpose \$400,000 will be reserved. In connection with the proposed issue it is understood that the directors have made arrangements for the placing of the whole of the preferred stock in London. The directors intimate in the prospectus that this issue will be made, and no doubt reference would not have been made to it had not the directors had assurance that the amount would be taken up. Negotiations to that end have been in view for some time.

ESTABLISHED 1865

National Bank of Virginia

RICHMOND, VA.

Capital \$1,200,000.00
Surplus 600,000.00

Deposits OVER FIVE MILLION DOLLARS

WM. M. HABLISTON, President
JOHN SKELTON WILLIAMS, Vice-Pres.
WILLIAM T. REED, Vice-Pres.
W. MEADE ADDISON, Cashier
O. S. MORTON, Asst. Cashier
JOHN TYLER, Asst. Cashier
W. H. SLAUGHTER, Asst. Cashier
JAMES M. BALL, Asst. Cashier

Accounts of Banks, Bankers, Corporations,
Firms and Individuals solicited on favorable
terms. Correspondence invited.

LARGEST CAPITAL
of Any Bank in Virginia

WITH BANKERS MAGAZINE ADVERTISERS

ATTRACTIVE BANK SIGNS

A BANK'S sign is a very important thing, as it is oftentimes regarded as an index importance to the of the institution it advertises. The sign illustrated

turers claim these signs are from every point of view the best and most appropriate for any bank, whether large or small. Its polished and always brilliant surface and



herewith is typical of the high grade work produced along this line by the Rawson & Evans Company of 710-712 West Washington Boulevard, Chicago. Chipped glass gold signs are their specialty, and the manufac-

letters of real gold carries the impress of richness and stability to a degree not possible in any other variety of sign. Its dignity and high character emphasizes the superiority which the bank admittedly has

over ordinary mercantile establishments, and is in keeping with its other appointments, no matter how rich and expensive. It is practically indestructible and requires almost no attention to keep clean.

A POCKET UMBRELLA

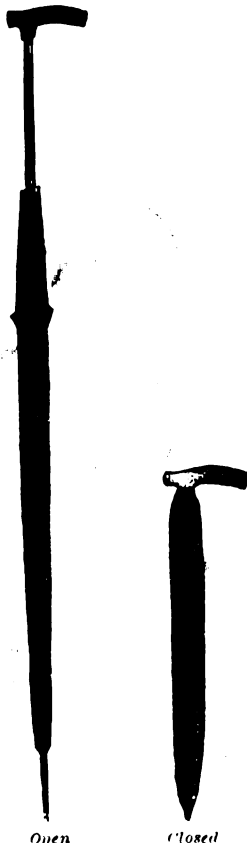
RAINY days bring to everyone unpleasant memories of damp clothing, wet feet and ruffled feelings. Human nature is the same the world over and the man does not live who has not many, many times cast his weather-eye over a cloudy sky and ventured forth from the shelter of home or office without his troublesome umbrella. What he would have given, when overtaken by a shower, to dive down into

In order to meet popular demand for an article of this kind, the Pocket Umbrella Company is manufacturing in its commodious plant at Findlay, Ohio, an umbrella that telescopes at the touch of a spring into a compact roll about one and one-quarter inches in diameter and about fifteen inches long.

It is a marvel of usefulness and durability and may be easily carried in the hip pocket or slipped into a traveling bag. The springs and steel used are oxidized and will never rust. This insures to the user the best of wearing qualities. The pocket umbrella is also very easily repaired and duplicate parts can be obtained at a nominal expense to replace damaged parts.

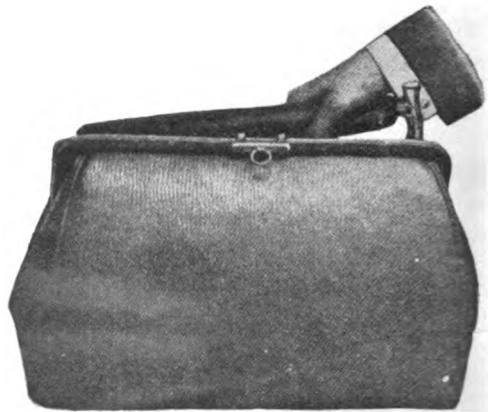
It makes a sensible present for ladies. It is put up in a case, similar to a handsome music roll, the case varying in quality from imitation leather with leather straps and handles for the cheaper grades to alligator skin with gold chains and handles for the highest grades, which are beautiful.

I. Eklund, inventor of the "newest thing" in umbrellas and general manager of the factory in Findlay, Ohio, holds fifty patents on its various parts. He is a native of



Open Closed
THE SAME UMBRELLA.

his pocket and produce a serviceable umbrella, is conjectural. Or, what would a woman give, under similar circumstances, to be able to extract from the recesses of her handbag this welcome protection against the rain.



PUTTING IT IN A HANDBAG

Sweden, a successful civil engineer and has organized a strong company, capitalized for \$100,000 to manufacture this clever and useful device.

The pocket umbrella has attracted universal notice. Thousands of inquiries are pouring in at the factory and the output at this time does not begin to fill the demand. Within a short time, the company expects to have a thousand persons in its employ.

Such an article has long been needed and the public is certain to appreciate the opportunity to secure an umbrella that is not easily lost and is at the same time compact and serviceable.

A HANDY, CASHIER'S PERSONAL, DESK ADDING MACHINE

THE \$20 Gem Adding Machine, shown in the accompanying cut, has these good points:

It is simple to operate; does the carrying automatically; never gets out of order and cannot make mistakes; clears to zero me-



chanically; is convenient for the traveling man; prevents eye strain and nerve strain; is dustproof when not in use; does the work better than brains; leaves the brains free to do something better; has a capacity of 9,999,999; has the totals always in sight; will last as long as you are in business; is sold under a two year written guarantee.

MANUFACTURERS OF BANK SUPPLIES

"THE Tag Makers" is the designation by which the Dennison Manufacturing Company (Boston, New York, Philadelphia, Chicago, St. Louis) like best to be known, but a look through their large illustrated catalogue leads one to feel that "manufacturers of bank supplies" might be a good working description.

First, there is sealing wax, the bank's safeguard against all tampering with packages, twelve qualities, and one "Bankers' Specie," made after a long-trying and bank-proven formula, and noted for its tenacity of adhesiveness and brilliant color.

With this come engraved seals. Many banks are now adopting a handsome embossed label as a means of easy identification and safeguard. It is much more difficult to imitate than a wax seal.

Coin wrappers, made of special tough rope tea manilla paper, gummed on edge with specially strong glue, printed in colors to denote denominations, or bias coin wrappers, ungummed and unprinted for quick handling, are almost indispensable. So are bill straps, bank note bands and clasp envelopes.

For the bookkeeper are manufactured index tabs of paper and cloth, gummed consecutive numbers and alphabets, days and months; paper clips, paper fasteners and washers to prevent any possibility of loss.

The present-day extensive use of loose-leaf books has prompted the manufacture of a handy little article called "the Gummed Patch." It is a heavily gummed washer of tough paper or cloth, just the right size for reinforcing the hole by which papers are attached in these books, insuring extra wearing strength and a neat appearance at all times.

To punch these same holes uniformly the eyelet punch is needed, and can be obtained at the Dennison stores.

So the enumeration might continue. Hardly a department in a bank but needs for its smooth and safe running a Dennison-made article. When bank-bills are torn, apply transparent tape; when checks are written, affix a bank check label; when documents are drawn up on goes a legal seal; while in all the departments and in the home of every worker should be found the small handy tube of Dennison's glue, with its air-tight contents always ready for use.

A CONVENIENT INK WELL

ANY man who has ever spilt ink on important papers lying on his desk will appreciate the safety and convenience of the Hayne Suspended Inkwell, illustrated



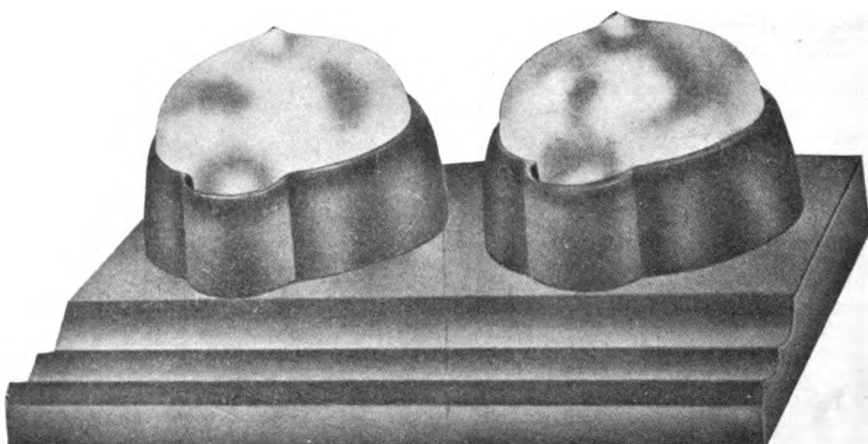
PATENTED MAY 16, 1883.

herewith. Its special advantages include these:

It leaves the entire surface on the desk clear of inkwells; it holds two kinds of ink, and three times the quantity of the ordinary inkwell; it can be put on and taken off the desk in a moment—no screws, only a pair of small spring clips; the ink can not evaporate nor gather dust; absolutely nothing to get out of order.

AN ECONOMICAL INKSTAND

THE Eclipse Pneumatic Inkstand (Jacobus patent), manufactured by the General Supply Company of Danielson, Conn., is especially designed and made to withstand abusive treatment and to keep ink clean and free running. It employs the vacuum principle and the ink



THIS CUT SHOWS TWO INKWELLS, FOR BLACK AND RED INK, WITH DOUBLE BASE PLATE. WE CAN ALSO SUPPLY SINGLE BASE PLATE FOR USE WITH ONE INKWEIL, IN STYLE SIMILAR TO ABOVE

flows naturally and as needed, from inverted glass cups into small wells, which contain at all times the proper quantity of ink to cover the penpoint and not too much to soil the fingers.

No air or dust can affect the contents of these inverted domes and thus the quantity of ink lost by evaporation is cut down to a minimum. In a bank or other business establishment where large supplies of writing fluids are used, inkstands of this type can hold down the operating expenses to a very noticeable extent.

The Eclipse Pneumatic Inkstand is admirably designed for service in every department of the bank. It is simply constructed, easily filled and easily cleaned,

and insures the employer against blotted scraggly records. As one purchaser has said: "It is an article of great value to all commercial houses and in fact everywhere pen and ink are used."

The world's history has been written with ink; from the earliest times, when man wrote upon papyrus or upon parchment with reeds and quills, down to the present day, it has been regarded as a necessity, along with books and institutions of learning. Proper retainers have also been regarded as necessities, and they have been manufactured in a wide variety of shapes, but the Eclipse seems to fulfill every requirement of the writer by combining the features of neatness, cleanliness and economy.

WORDS OF PRAISE

Gentlemen: THE BANKERS MAGAZINE has been a regular visitor to our desk for the past ten years, and in our estimation it is by far "The Most Valuable Publication in the Banking Field."

We enclose herewith our draft for \$5 covering our subscription for the ensuing year.

Yours truly,

R. FLEETWOOD, *Cashier*,
The Bank of Waverly,
Waverly, Va.

It should be in the hands of every "live bank man" who desires to stay live and keep posted on the problems of the financial world.

It gives me great pleasure to enclose my check for the sum of \$5 for the continuance of the magazine.

Yours very truly,

ARTHUR A. EKRICH, *Sec'y*,
North Side Savings Bank,
New York City.

Gentlemen: It is like repeating an old story to continually comment upon the many good things found within the covers of THE BANKERS MAGAZINE.

D. C. Kennedy, cashier Farmers Bank, Cornersville, Tenn., writes under date of October 10, 1911: "Please find check for \$5 for THE BANKERS MAGAZINE. Can't get along without it."



